

## Choose the Best Filing Status

Your “filing status” is how you identify yourself on your taxes and it helps the government know what type of family that you have. Based on the status that you choose, the government will charge you more or less in taxes. That is why it is important to choose the right one.

When you file the shortest and simplest form, the 1040EZ, there are only 2 family types that you can specify, single and married filing jointly. If you are married and filing jointly with this form, you also cannot have any dependants, or people who you support for half or more of their living expenses. While this form is the easiest to use, it isn't the best choice for people who have children. In contrast, there are 5 filing statuses you can choose from when filing form 1040 or 1040A. While these forms might take longer to fill out, if you have children, picking the right filing status could save you a lot of money.

**Single** - Means that you have never-before-married, have been widowed, divorced or legally separated. If you have dependents that you provide support for, you can file as single, but you would probably save money if you filed as a Head of Household, or Qualifying Widow or Widower, if this applies to you.

**Head of household** - You can call yourself a head of household if one of the following applies to you:

- You support your parents, who live in a different place than you, for over half their costs and you are planning to claim them as “dependents” on your tax form.
- If you are married but don't live with your spouse, even if you haven't legally separated or divorced during the last year, you can count as a head of household if you meet one of these guidelines:
  - You didn't live with your spouse for the last half of the year and you are not turning in your tax forms together.
  - You paid more than half of the cost of maintaining the house you live in for most of the year and you have, who live with you for more than half the year, foster children who are financially dependant on you, other dependants or your own biological children (who don't have to be financially dependant on you).

**Married filing jointly** - Most married couples choose to file under this status because they save the most money in taxes this way. “Jointly” means that you and your spouse turn in the same tax form. A married couple may even file jointly even if only one spouse earned income or if they lived separately for the entire year. When you file jointly, both people take responsibility for the taxes owed. That means if your spouse does not pay their share, you may be held responsible for it. However, there is an “Innocent Spouse Rule” that can help you if you were not aware of your partner's wrongdoings on their taxes.

In order to file jointly, you must one of the following guidelines:

- You were married as of the last day of last year.
- Your spouse died during the last year and you did not remarry in that year
- Your spouse died this year, but before you filed your tax return for last year.

**Married filing separately** - The majority of couples choose not to file under this status because they can usually save more money filing jointly. If you suspect that your partner is

not being honest about their taxes, though, it might be best to file separately so that you are not held responsible for their share of the bill.

The only married couples who are likely to benefit from filing separately:

- Have two incomes and
- Have heavy deductions for special (and expensive) costs like medical expenses or charity contributions.

If you think you'll benefit by filing separately, realize that the following restrictions apply, which don't apply if you file your taxes jointly with your spouse:

- You can't apply for the earned income tax credit (EITC)- even if you are eligible.
- You cannot claim credit for child and dependent care costs (see the handout "Tax Credits for People with Dependents" for more information).
- Unless you have lived apart from your spouse for the entire year, you can't claim credit for being elderly or disabled.
- You have to include 50-85% of any Social Security benefits you received throughout the year as income
- You may not deduct interest paid on a student loan.
- You cannot claim Hope Scholarship and Lifetime Learning (credits that reduce the taxes you owe because you go to college) credits
- You may qualify for a lower Child Tax Credit filing separately than you would filing jointly
- Both spouses must itemize (list) their deductions (reductions in what the government counts as your income for things like student loan expenses) or both spouses must take the standard deduction (how much the government usually takes off your taxes, based on your family type). It is not possible for one spouse to itemize deductions and the other to take the standard deduction

**Qualifying widow(er) with dependent child** - You can turn in your taxes as a qualifying widow(er) with dependent child for the two years following your spouse's death if you have not remarried. This status entitled you to use joint return tax rates. To turn in your taxes under the qualifying widow(er) with dependent child status, you must meet the following guidelines:

- You could have (whether you chose to or not) turned in a joint tax return with your spouse the year he or she died.
- You have a child (does not have to be biological) that you claim as a dependent (meaning that you support over half of their living costs).
- You did not remarry before the end of the year for which you are turning in your taxes.
- You paid over half of the cost to keep up your home in the past year and your dependent child lived there for more than half of the year