AN INCOME TAX “TO DO” LIST FOR NEWLYWEDS

Once the wedding bells have stopped ringing, it's time for newlyweds to address a number of practical financial questions. Unromantic as it may sound, paying taxes is among the most pressing. Here are some tax-related “to dos” from the Georgia Society of CPAs.

UPDATE YOUR NAME AND ADDRESS
If you changed your name when you married, you must advise the Social Security Administration to update your records and issue a new Social Security card by using Form SS-5. If you or your spouse has a new address, you should notify the IRS directly by completing Form 8822, *Change of Address* . Notifying the Postal Service and the IRS of an address change helps to ensure proper delivery of any refund checks and correspondence from the IRS.

CHOOSE THE BEST FILING STATUS
Married persons may file their income tax returns either jointly or separately. Choosing the most beneficial filing status can help save money on your taxes. When filing jointly, spouses combine their income and deduct their total expenses and deductions on a single tax return. Both spouses must sign the return and both are responsible for its contents. With separate tax returns, each spouse completes, signs, and files his or her own return. When you file separately, each spouse is responsible for his or her own tax return.

Generally, filing jointly results in a lower tax bill, but it's a good idea to figure your taxes both ways to be sure. Keep in mind that if you file separately and one spouse itemizes deductions, the other spouse must do the same.

UNDERSTAND THE MARRIAGE PENALTY
The marriage penalty refers to the provision in the tax law that results in married couples with two incomes paying more federal income tax on their combined income than they would pay if they were single. In recent years, there have been a number of tax law changes that provided some relief from the marriage penalty. Those changes were set to expire at the end of 2004.

Fortunately, late last year, the Working Families Tax Relief Act of 2004 extended those relief provisions through 2010. As a result, the 15 percent bracket for joint filers is double that of a single person. The law also allows married persons filing jointly to claim a basic standard deduction that is double that of single taxpayers.

ITEMIZE OR NOT?
Amounts paid for medical care, mortgage interest, charitable contributions, casualty losses and certain miscellaneous expenses can reduce your taxable income, lowering your tax. Newly married taxpayers may find that by filing a joint tax return they can now itemize, rather than take the standard deduction. To itemize deductions, you must use Form 1040.

CHECK ON IRA DEDUCTION
Taxpayers who were able to deduct IRA contributions when single may find that they no longer qualify. If you or your spouse is covered by a retirement plan at work, you may be entitled to only a partial deduction or no deduction at all, depending on your AGI and filing status. Keep in mind that, although you may not be able to deduct your contribution, amounts deposited into an IRA grow tax deferred and help to secure a comfortable retirement.

MEET WITH A CPA
A CPA can provide you with valuable advice for lowering your tax bill. It's a good idea for you and your spouse to arrange for a consultation with a CPA now, while you still have time to implement tax-saving strategies.