

# Tax Filing 2021: What to Know About How to File Taxes This Year

Here's how to get started if you're learning how to file taxes online or on paper.

By Tina Orem

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NerdWallet

Tax filing can be daunting. So if you're wondering how to file taxes online or on paper in 2021, here's a cheat sheet on how to do your taxes and how to make tax filing easier.

## 1. Do you even have to file taxes? (Yes, probably.)

Whether you have to file a tax return this year depends on your income, tax filing status, age and other factors. It also depends on whether someone else can claim you as a tax dependent. Even if you don't have to file taxes, you might want to do it anyway: You might qualify for a tax break that could generate a refund. So give tax filing some serious consideration if:

- You had income tax withheld from your paychecks.
- You made estimated tax payments or had last year's refund applied to this year's estimated tax.
- You qualify for certain tax credits.

When can I start filing taxes for 2020?

The IRS set the start of tax season as Feb. 12, 2021. That's the date it starts processing returns for the 2020 tax year.

Do you file 2020 taxes in 2021?

Yes. The purpose of the 2021 tax-filing season is to file taxes for the 2020 tax year.

## 2. Choose how to file taxes

There are three main ways to file taxes: fill out [IRS Form 1040 or Form 1040-SR](#) by hand and mail it (not recommended), use tax software and file taxes online, or hire a human tax preparer to do the work of tax filing.

### a. File taxes online with tax software

If you've used tax software in the past, you already know how to prepare and file taxes online. Many major tax software providers offer access to human preparers, too.

TurboTax, H&R Block, TaxAct and TaxSlayer, for example, all offer software packages or support options that come with on-demand, on-screen or online access to human tax pros who can answer questions, review your return and even file taxes online for you.

[The IRS Free File program](#) can get you free online tax preparation software from several tax-prep companies, including major brands. You must have less than \$72,000 of adjusted gross income to qualify.

### b. Hire and work with a tax preparer

While it's never been easier to do your own taxes using software, as your financial life gets more complex you might wonder if you're missing something and should get someone to prepare and help file your taxes. If you have a business or a healthy side gig, or you just want help understanding all of the forms, you might seek out a professional's guidance.

Find a local tax preparer for free: [See who's available to help with your taxes in your area](#)

If you don't want to meet in person with a tax preparer, there's a way to file taxes without leaving the house. A secure portal lets you share documents electronically with a tax preparer.

Typically, the preparer will email you a link to the portal, you'll set up a password and then you can upload pictures or PDFs of your tax documents.

## 3. Understand how your taxes are determined

The government decides how much tax you owe by dividing your taxable income into chunks — also known as tax brackets — and each chunk gets taxed at the corresponding tax rate. The beauty of this is that [no matter which bracket you're in](#), you won't pay that tax rate on your entire income.

The progressive tax system in the United States means that people with higher taxable incomes are subject to higher federal income tax rates, and people with lower taxable incomes are subject to lower federal income tax rates.

[Make sure you're not overlooking any of these 20 popular tax breaks](#)

## 4. Gather tax filing information

You'll need to do this whether you're hiring a tax preparer or doing the tax filing yourself. The goal is to gather proof of income, expenses that might be tax-deductible or win you a tax credit, and evidence of taxes you already paid throughout the year. [Our tax prep checklist has more guidance](#), but here's a short version of what to round up:

- Social Security numbers for yourself, as well as for your spouse and dependents, if any.
- [W-2 form](#), which tells how much you earned in the past year and how much you already paid in taxes. (If you had more than one job, you might have more than one W-2.)

- [1099 forms](#), which are a record that some entity or person — not your employer — gave or paid you money.
- Retirement account contributions.
- [Property taxes](#) and mortgage interest.
- [Charitable donations](#).
- State and local taxes you paid.
- Educational expenses.
- [Unreimbursed medical bills](#).
- Last year's federal and state tax returns.

## 5. Settle up with the IRS

### If you owe

- There are plenty of ways to send money to the IRS. Electronic payments, wire transfers, debit and credit cards, checks and even cash are among your options. ([Here's an overview of them](#).)
- If you can't pay your taxes all at once, an option might be an IRS payment plan, which is an agreement you make directly with the agency to pay your federal tax bill over a certain amount of time. [There are two kinds of IRS payment plans](#): short-term and long-term. Either way, typically you'll make monthly payments to settle what you owe.

### If you're getting a refund

There are a few things you can do to make sure your money hits your bank account as quickly as possible:

1. Avoid filing your tax return on paper. The IRS typically takes six to eight weeks to process paper returns. When you file taxes online, on the other hand, your return should be processed in about three weeks. State tax filing authorities also accept electronic tax returns, which means you may be able to get your state tax refund faster, too.
2. Have your refund sent by direct deposit. When you file taxes you can have the IRS deposit your refund directly into your bank account instead of sending a paper check. That cuts the time in waiting for the mail.
3. Track your refund. You can [track the status](#) of your IRS refund and your state refund online.

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