

Best Tax Software

Sleepless nights, panic attacks and pounding headaches are feelings that are far too familiar for taxpayers during the spring. In fact, years ago just the mention of the word taxes was enough to send heads swirling with numbers and a feeling of dread to creep its way into your stomach.

As a tax professional myself, I see so many things that people do right and wrong. It is not my job to keep your paperwork in order. We talked about that in episode 81 – taming the paperwork monster. Well, I can do it for you, but you will pay someone in my firm up to \$225 per hour to do that for you!

Don't be fully discouraged from doing your own taxes though as the difficulty in everyone's tax return is different. With some of the new tax law changes, many of you can do you taxes yourselves. Here are my favorite software programs and why I like them:

Easiest to use: TurboTax

If you're going to do your taxes by yourself, your software should make it easy. When it comes to filing taxes online, **TurboTax** stands out from the crowd.

TurboTax excels for its design, flow and options that make it easier to deal with your taxes, more so than other providers we looked at. The huge downside is that it's more expensive than almost everything else out there. Even though confident filers may not need all the bells and whistles that most TurboTax online products offer, many people will find the experience worth a few extra bucks, though.

The user-friendly, interview-style Q&A is like having a chat with a tax preparer. The software asks questions in plain language and puts your answers in the right place on your return. You can skip around, too.

But it's become increasingly clear to the industry that even DIYers want a human to talk to now and then when they file taxes online. That's why one of TurboTax's most outstanding support features is TurboTax Live. It offers a one-on-one review with a CPA or enrolled agent before you file, as well as unlimited live tax advice. They'll even sign and e-file your tax return if you want. You can make an appointment or talk on the fly to a tax pro via one-way video (you see them, but they don't see you — they just see your screen). Hours of operation are 8 a.m. to midnight Eastern, seven days a week. Upgrading to Live adds \$70 to \$100 to the cost, depending on your software package.

New this year is an offline expert review option that lets you ask questions and get answers from a CPA, enrolled agent or tax attorney via email.

To boot, you can get tax advice year-round with TurboTax Live (it doesn't close up shop on April 15). Having on-demand access to a tax pro all year is huge, although you can't ask to talk to the same tax expert each time you call.

It's worth noting here that H&R Block has offerings that compete directly with TurboTax in this area.

As mentioned, one negative for TurboTax is that it's expensive compared with other options. You can easily spend over \$100 on software and state-return preparation, depending on the version you choose. If you're audited, TurboTax provides free audit "guidance" from a tax pro to help you understand what's going on, but if you want someone to represent you in front of the IRS, you'll need TurboTax's audit defense product, called Max Defend & Restore. It costs \$39.99.

Budget pick: TaxAct

If your adjusted gross income was less than \$66,000 for the 2018 tax year, you probably qualify to use the IRS' Free File program, which gets you access to free tax-prep software.

If your income was more than that, or you want other options to file taxes online — but want to pay as little as possible — then these might be for you.

TaxAct underwent a significant visual revamp this year, but still has all the basics, such as importing last year's returns, a W-2 import and a donation assistant (for some of the paid packages), as well as some planning tools and calculators.

TaxAct offers tax support via in-app email for paid users. It also offers an interesting screen-share option for its Premier+ and Self-Employed+ users. It's not a face-to-face video connection; rather, it simply lets the user and the support agent see each other's screens, including cursor moves and clicks.

TaxAct's audit assistance consists of a FAQ page on its website. But customers can buy audit defense from a partner company called Protection Plus for \$49. Coverage includes three years of audit services for this year's return, and TaxAct says the product will guide you through the audit process, handle IRS and state correspondence on your behalf, help with denied tax credits, as well as provide tax fraud assistance. You have to buy the coverage at the time of filing — you can't buy it after the fact.

TaxSlayer is a bargain compared to much of the competition, plus its interface is as handsome as other, more expensive software on the market. It has a mobile app that allows customers to take pictures of their W-2s instead of keying in tons of numbers, plus there's an online knowledge base. Though phone and email tech support are free, the more valuable kind of support — tax help — is free only for Premium, Self-Employed and Ultimate users.

TaxSlayer Premium, Self-Employed and Ultimate come with free audit assistance (users of other versions can buy it for \$29.99), which helps you prepare for an audit but won't represent you in front of the IRS. The coverage applies for three years from the date you buy the software. Audit defense, which includes representation before the IRS, comes with the Ultimate package.

Best for support options: H&R Block

It's inevitable that while preparing to file taxes online you'll run into something or have a question. If you think this is especially likely, you'll want the most robust support options, and we think **H&R Block** has an edge here.

First, about the software: Finding Schedules 1-6 included in the free version of software is a rarity in the marketplace; this means you can claim certain deductions and credits without upgrading to a paid version. And while at list price it isn't discount software, it's also generally not the costliest option either. All of this makes it a solid choice for value-seekers who still want sturdy support options and modern features.

But the support is also on the high end. And H&R Block's online tax packages have a unique second line of defense: an enormous band of human tax preparers at the company's 12,000 or so offices around the world. Help at a brick-and-mortar stores isn't free, of course (in-office appointments start at \$59, but it helps to know you can go there if you get hopelessly wrapped around the axle).

H&R Block is competing hard against rival TurboTax with two offerings this year.

First is H&R Block's new "Ask a Tax Pro" service, which gets you unlimited, on-demand chat sessions with a tax expert. You can share your screen with the tax pro to discuss specific questions. It works on mobile and tablet, or you can talk using a phone instead if you like. Hours of operation for on-demand chat are 8 a.m. to midnight Eastern time Monday through Friday, and 9 a.m. to 8 p.m. Eastern on weekends during tax season. It costs \$39.99 for Free and Deluxe users and \$49.99 for Premium and Self-Employed users.

Second is H&R Block's Tax Pro Review, which offers a one-on-one review of your entire return with a tax pro who will go over your documents and check for accuracy and possible missed deductions or credits within three days; the tax pro will even sign and e-file your return for you. You communicate with the tax pro on-demand via a secured message center or arrange for a phone call if you prefer. Users of the Free edition can tack it on for \$49.99; Deluxe users pay \$79.99; and Premium and Self-Employed users pay \$89.99. You can also buy the service as a standalone product for \$119.99 plus \$36.99 for every state you file.

Not all of H&R Block's tax pros are CPAs or enrolled agents, but the company says they undergo more than 60 hours of training and complete additional 30-plus hours of annual training to get ready each year for tax season; it also says the tax pros who help its online filers have 15 years of experience on average and get additional training specifically around the company's online products.