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2011 Income Tax Return Information

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With many taxpayers receiving their W-2s in the past 2 weeks, 2011 income tax returns are now squarely on the radar screen. With that in mind, we wanted to note the following:

- For those early filers, due to the late enactment of the 2010 tax law (December 17), the IRS has not been able to process all of the law changes into its computers. As a result, the IRS announced it will begin to process tax returns with itemized deductions no earlier than February 14.
- Taxpayers have additional time to file their returns this year. Tax returns are due April 18th due to an April 16th holiday in the District of Columbia (Emancipation Day, observed on April 15th). Because the IRS follows the District of Columbia holiday calendar, the due date is Monday, April 18th. This includes the due date for gift tax returns.
- As a result of The Emergency Economic Stabilization Act of 2008, new cost basis reporting rules are in effect as of January 1, 2011. The new law requires brokerage firms and mutual fund companies to report a taxpayer's adjusted cost basis for specified securities to the IRS on Form 1099-B and whether the holding periods for the securities are short term or long term. The rules are phased in over a three-year period. Stocks acquired after January 1, 2011 will be required to be tracked, mutual funds acquired after January 1, 2012 will be required to be tracked, and bonds and options acquired after January 1, 2013 will be required to be tracked.