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Reasons for Late Tax Refunds

This year, you may have to wait up to five months to receive your tax refund due to budget shortfalls. If you file your tax returns electronically and receive direct deposits into their bank accounts normally can expect a refund in about 2 weeks but there may be several possibilities why your refund may be delayed.

Firstly, you could have not claimed the Making Work Pay Credit. To claim this credit, you need to use Schedule M. If you use tax preparation software, this would be done automatically. If you are self-employed and have not been receiving your credit through withholding your salary each month, then you must not forget to make a claim for this credit. If you have missed this out, the IRS will calculate your claim which could result in a higher refund but would delay it getting to you.

The second possible delay in your refund may be due to your receiving a Making Work Pay credit and an Economic Recovery payment. If you are a Social Security beneficiary, you are entitled to a rebate of \$250 which is non-taxable. In addition, you may also receive a Making Work Pay credit. The maximum you can receive from these two benefits combined is \$400. Therefore the thing to do would be to reduce your Making Work Pay credit by \$250. If you have not done so, once again the IRS would calculate it for you, thus delaying your refund.

If you cannot recall whether or not you received the \$250 Economic Recovery payment, check with your bank. You either received it through a check or direct bank deposit.

Thirdly, your tax refund could be delayed by claiming the First Time Homebuyers Credit in which case you have to file your returns by mail and not electronically. This is to reduce the incidents of fraud by making it mandatory to submit relevant copies of documents showing proof of settlement together with your tax return. Manual tax filing typically takes 4 to 6 weeks before you get your refund. Furthermore, the IRS only started to process First Time Homebuyers credit claims in the middle of February or so.

To avoid or minimize the delay in refunds in future, adjust your withholding and increasing the number of allowances you claim through your Form W-4. Every time you have a major life event (like the birth of a child or buy a house), review the allowances you are entitled to.

Darrin T. Mish is a veteran, nationally recognized tax attorney who has focused on providing IRS help to taxpayers for over a decade. He regularly travels the country training other attorneys,

CPAs and enrolled agents on how to handle their toughest cases with the IRS. He is highly ranked among the top attorneys in the country, with an AV rating from Martindale-Hubbell and a perfect 10 on Avvo.com. Martindale-Hubbell has also honored him with a listing in their Bar Register of Preeminent Lawyers. He is a member of the American Society of IRS Problem Solvers and the Tax Freedom Institute. With clients on every continent but Antarctica, he has what it takes to solve your IRS problems no matter where you live in the world. If you would like more information about his practice and how he can help you, please call his office at (813) 229-7100 or toll free at 1-888-GET-MISH.