

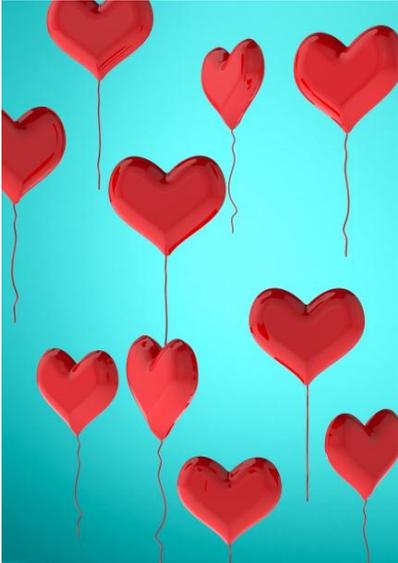


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C O U N S E L L O R S A T L A W

Valentines Day and the IRS - Not your usual love match

January 21, 2011 by Deirdre Wheatley-Liss



Valentine's Day usually puts one in the mind of hearts, flowers and candy. This year however, it's going to be a favorite day for the millions of taxpayers who itemize their returns, because it's the first day that those tax payers returns will be able to be filed into the IRS system.

I previously advised to Hold your Horses on Filing those Income Tax Returns because the IRS needed to update its internal computer software to reflect the changes in the 2010 Tax Act. The IRS issued an alert yesterday that:

Beginning Feb. 14, the IRS will start processing both paper and e-filed returns claiming itemized deductions on Schedule A, the higher education tuition and fees deduction on Form 8917 and the educator expenses deduction. Based on filings last year, about nine million tax returns claimed any of these deductions on returns received by the IRS before Feb. 14.

However, for those of you who e-file, you can go ahead and put all of your return information into the system. The filing software will hold your return until the February 14 "Go" date if yours is the type of return that cannot yet be filed.

The biggest impact itemize return filers – if they're only starting to process the returns on February 14, and by their own numbers they received 9 million such returns by February 14 of last year, you're likely not getting your tax refund happily direct deposited in a 10 day time frame that you been used to.

Looking who to blame for the interest free loan you're extending to the government by waiting to get your refund back? Point the finger at Congress and the President who waited until December of 2010 to create the income tax rules for income earned in 2010.

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