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## **Your Tax Refund May be Delayed**

Believe it or not millions of taxpayers who filed their tax returns early might not receive their refunds early. This is due to a tax law passed recently that extends tax breaks that were due to expire. The IRS is now frantically trying to accommodate this by reprogramming its computers. This process could take till late February. According to IRS spokesman Dan Boone, the agency is aiming to complete this work by mid-February.

It is estimated that at least 9 million taxpayers nationwide who filed their returns early and typically itemize deductions will have to wait until the system is ready before they can claim their refunds. On the other hand, more than two-thirds of the 140 million taxpayers nationwide will not be affected by the delay because of one of two reasons. First, they might take the standard IRS deduction or secondly, they filed their tax returns later in the season.

The IRS has advised taxpayers to file their returns using commercial tax preparation software to file their returns electronically or use the IRS e-file system through the IRS website, [www.irs.gov](http://www.irs.gov). Commercial tax preparation software is usually updated regularly to reflect changes made to tax legislature so taxpayers will always be compliant with all legislation by

using software.

Some of the issues that cropped up due to the new laws are:

The deductions for state and local general sales taxes has been extended, so taxpayers have to list these as itemized deductions on Schedule A of their return.

The deduction of as much as \$4,000 for college tuition and fees or the educator-expense deduction of as much as \$250 for out-of-pocket costs incurred by kindergarten-through-grade-12 teachers has likewise been extended.

Most tax experts expect problems to crop up as the IRS works to handle the changes. Delays in distributing refunds would hurt those who filed Schedule A and are in dire need for cash like the unemployed or those who are behind in mortgage payments. Among the problems experts expect is a bottleneck at the IRS, which might drive some taxpayers to applying for Refund Anticipation Loans (RALs) that normally come with high interest rates.

Toni Springer, a CPA has advised taxpayers to file their returns early but claim only the standard deductions as they are usually processed much earlier. Refunds for such filings, if made electronically, normally come in about 10 days. Then after that you can file an amended return with itemized deductions. Although this method might take up more time it's well worth it to get your refunds earlier.