

Tax Tips You Can Use



Tax return Trick and Treat
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March is not October, but this month is tax trick or treat. This year has brought some good news and some bad news about taxes. Here are the tricks and treats.

The first treat is not really about taxes, but came up at a tax seminar. Have you ever thought about the phrase “the victim’s identification has not been released pending notification of next of kin”. If something happened to you or someone you care about, how would the authorities find you or your family? The suggestion is that a person should take a business card or license size card and put their emergency contact information on it and keep it with their license. Mine has my family and neighbor’s numbers on it and is laminated with craft store sticky laminate with “emergency” written so the word is visible.

A new trick by the IRS is that a taxpayer must be very careful about their direct deposit information on the tax return. The IRS has told tax preparers that if incorrect information is put on the return and the money goes to some other account and no one catches it for you, you may be out the money. The IRS will not take responsibility for misdirected funds. If your tax preparer is asking you several times to reaffirm your bank information this year, that is the reason.

There is some good news for people who have been victims of identity theft. If your social security number has been used by someone else and they have filed a tax return with it, the IRS has a way to help. When two returns use the same social security number the IRS holds both of them (and any refunds) to find out who is real. Once the IRS knows who is real, they will send a special PIN number to the real owner of the Social Security number that must be entered on the next year’s return. With the PIN, the return will be processed, not held, and the refunds will be processed as usual. It is a new PIN each year. If you forget to add it, the IRS will assume that your return is

a bad one and hold it, pending investigation. The system is a help to people who have been victimized by that insidious crime.

Have you gotten more 1099's lately? In a new trick, the IRS has added two questions to every business form- partnerships, farms, rentals, corporations, and sole proprietors. The first question is "Did you pay anyone \$600 or more that should get a 1099?" and the second is "Did you or will you send them?". These are yes or no questions. Imagine the probability of an audit if you answer that yes you did pay people, but no you won't send out 1099's. The IRS has finally figured out a way to put teeth into the old 1099 rules.

The last small treat for 2012 is that the IRS has given taxpayers one extra day to file tax returns. April 15 falls on a Sunday, so the normal due date would be Monday, April 16th. The actual final date for filing returns or extensions is April 17, 2012. And this happens in most years now. Happy tax time. Trick or treat!

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The fine print: This article is for information only. Please see your tax professional for questions about your individual tax situation.