

IRS Tips on Year-End Planning

As the year races toward December 31st, the IRS offered helpful tips to taxpayers in IR-2016-150. Good planning in November and December will facilitate filing your 2016 tax return next April.

1. Documents – You can expect your W-2's and 1099's early in 2017. You should retain a copy of your 2015 tax return. This may be helpful if you use tax preparation software for your 2016 return. The software may use data from 2015 to verify your identity and permit you to use the electronic signature option.

2. Individual Tax Identification Numbers (ITIN) – If you obtained an ITIN prior to 2013 and did not use it in 2013, 2014 or 2015, it will expire and no longer be valid. You may need to obtain a new ITIN. You should plan to submit your ITIN request through the information on www.irs.gov about nine to 11 weeks before you file. If you do not have an ITIN and have previously been a victim of identity theft, the IRS may delay your refund.

3. Earned Income Tax Credit (EITC) – If you claim an EITC or An Additional Child Tax Credit (ACTC) on your tax return this year, the IRS is now required by Congress to hold your refund until at least February 15. The intent of the new requirement is to permit the IRS additional time to make certain that the EITC or ACTC refund is proper.

4. eFiling – Each year a higher percentage of all tax returns are filed electronically. You may plan to use the IRS Free File, be assisted in electronic filing by the Volunteer Income Tax Assistance or Tax Counseling for the Elderly programs or may use an electronic option in your commercial tax software.

5. Direct Deposit – The option to have your refund electronically transferred directly to your bank account is a fast and easy solution. The federal government already uses direct deposit for 98% of Social Security and Veteran Affairs benefit checks. It costs the federal government approximately \$1 to process a paper check, but only 10 cents to process a direct deposit to your bank account.