

# What to Know and How to Prepare for the 2017 Tax Season



by [Greg Lindberg](#)

Writer, 1-800Accountant - [www.1800accountant.com](http://www.1800accountant.com)

## What to Know and How to Prepare for the 2017 Tax Season

by [Greg Lindberg](#), November 2016

Tax season is always a stressful time of year as individuals and business owners scramble to file their tax returns accurately and on time. The 2017 tax season is expected to bring some notable changes and challenges that may affect your 2016 tax year filings.

Fortunately, if you're fully aware of what to anticipate, you can rest assured that your filings will be handled as smoothly as ever. Here are some of the biggest changes and potential hurdles, and what you can do to be prepared.

### What's Different About the 2017 Tax Season?

#### **Tax refund delays are expected due to a new law.**

For many taxpayers, a tax refund is often the biggest single amount of money they receive at one time each year, with average refunds around \$3,000 in recent years. However, a new federal law will delay tax refunds for thousands of middle- and low-income taxpayers who file early in 2017.

The delay stems from the Protecting Americans from Tax Hikes Act of 2015. Section 201 of this Act states that "no credit or refund for an overpayment for a taxable year shall be made to a taxpayer before February 15 if the taxpayer claimed the Earned Income Tax Credit or Additional Child Tax Credit on the return." This law takes effect January 1, 2017.

As the law states, the new rule affects taxpayers who claim the Earned Income Tax Credit or the Additional Child Tax Credit. The IRS will be holding the entire refund for taxpayers who claim either of these two credits until at least February 15. This will predominantly affect early filers who claim these credits and typically get their refunds within the first three weeks of tax season. They may have to wait longer to get that money back from the IRS this time.

The main reason for the delay is that the IRS is attempting to reduce tax fraud and identity theft. The agency has decided to focus its efforts on giving a second look to returns claiming these two particular tax credits. Along with the refund delay, taxpayers should also be prepared to submit more documentation than usual to prove the validity of these tax breaks.

#### **There's a new filing deadline for business partnerships.**

As a result of legislation enacted in 2015, some businesses will have new filing due dates this spring. Beginning with the 2017 tax season, business partnership tax returns—Form 1065—will have a new filing deadline of March 15.

The previous deadline was April 15—one month later than the new due date. If you have a partnership that is not run on a traditional calendar year, your copy of Form 1065 must be sent in by the 15th day of the third month after the close of your company's tax year.

**There's a new filing deadline for C corporations.**

Also beginning with the 2017 tax season, tax returns for C corporations will have a new filing due date of April 15. The previous deadline for C corporation returns—Form 1120—to be submitted was March 15, so this change will give C corp. owners an extra month to file their business returns.

For C corporations that operate on non-calendar year schedules, Form 1120 will now be due to the IRS by the 15th day of the fourth month after the tax year comes to a close. There is one exception: C corporations that have tax years closing on June 30 will still have a filing deadline of September 15—until 2025 rolls around.

**Things You Can Do to Prepare for the 2017 Tax Season**

**Get your tax records in order now.**

Dig up and organize all the receipts you may need to claim your tax deductions. Review your 2015 income tax return and any relevant records you will need to reference when filing your 2016 return.

**Set aside some money now.**

Since tax refund delays are expected, you certainly don't want to be shorthanded financially when you'd normally expect to receive a nice refund check. So, set aside a small portion of your income now so that you'll be prepared to handle any bills or expenses in the spring while waiting for your tax refund.

**Consider working with a professional.**

Because of the impending changes to filing deadlines, it's often best to put your tax-filing needs into the hands of an experienced professional accountant. Not only will this guarantee that you'll meet every deadline, but also you'll know that you're taking full advantage of all the tax breaks you qualify for to significantly reduce your tax liability