

The "Daily Plan-It"™

Davis Schilken, PC

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Blame Congress: Why Your Clients Will Have to Wait to File Those Deductions

Do your clients need to itemize their tax deductions?
Are they hankering for that fat refund they're due?

Well, they're just going to have to wait.

Because Congress waited so late last year to act on passing the tax code, the IRS has said that it will need until mid- to late-February to reprogram its processing systems.

The tax bill, which included deductions for state and local sales taxes, college tuition and teacher expenses, wasn't signed into law until December 17th.

Blame Congress... Again

According to a recent tax article published on CNNMoney.com (<http://tinyurl.com/2umhvqf>), the tax bill made certain that federal income tax rates remained the same and that itemized deductions will continue to be allowed in full for high-income taxpayers.

As a result of the delay, taxpayers who itemize deductions will have to wait a while before they file so that the IRS can get its systems ready.

Education Deductions Affected

This setback affects both paper and electronic filers who list deductions on Form 1040 Schedule A. That includes those claiming the new Educator Expense Deduction, which credits grade school teachers for out-of-pocket expenses of up to \$250.

It also includes those claiming deductions for college students, covering up to \$4,000 of tuition, which is claimed on Form 8917, though the IRS said there will be no delays for those that claim other education tax credits.

IRS: Don't Call Us, We'll Call You

Though itemizers can work on their tax returns before the IRS is ready to accept them, the government recommends that people should not send them in before it is ready to process the returns.

The IRS hasn't yet said specifically when it will be able to begin processing the affected tax returns, but told CNNMoney.com that it expects to announce that date "in the near future."

Don't you just love bureaucracies?

E-Filing Won't Fix It

Many of your clients might have become used to simply e-filing their tax deductions and seeing their refunds deposit into their accounts right away.

Now is the time to remind them that this year will be different. For example, TurboTax has said that their customers can e-file with them now, but they will hold onto their filings until the IRS is ready to process them.

As always, I hope this article has helped you and your clients. If you have a specific concern or case, please call our office.

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