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Accounting • Bookkeeping • Taxes

Tips to Avoid Problems at Tax Time

Looking for ways to avoid the last-minute rush for doing your taxes? We offer these tips:

1. **Organize Your Tax Records.** Tax preparation time can be significantly reduced if you develop a system for organizing your records and receipts. Start with the income, deduction or tax credit items that were on last year's return.
2. **Don't Procrastinate.** Resist the temptation to put off your taxes until the last minute. Your haste to meet the filing deadline may cause you to overlook potential sources of tax savings and will likely increase your risk of making an error.
3. **File Your Return Electronically.** Aside from ease of filing, IRS e-file is the fastest and most accurate way to file a tax return. If you're due a refund, the wait time for e-filers is half that of paper filers.
4. **Double-Check Your Math and Data Entries.** Review your return for possible math errors and make sure the names and Social Security or other identification numbers for yourself, your spouse and your dependents are correct and legible.
5. **Have Your Refund Deposited Directly to Your Bank Account.** Another way to speed up your refund and reduce the chance of theft is to have the amount deposited directly to your bank account. Check the tax instructions for details on entering the routing and account numbers on your tax return. Make sure the numbers you enter are correct.
6. **Don't Panic If You Can't Pay.** If you can't immediately pay the taxes you owe, consider some stress-reducing alternatives. You can apply for an IRS installment agreement, suggesting your own monthly payment amount and due date, and getting a reduced late payment penalty rate. You also have various options for charging your balance on a credit card, either as part of an electronic return or via a phone call to a processing agent. Official Payments Corporation may be reached at 1-800-2PAY-TAX (1-800-272-9829), or at www.officialpayments.com. The Link2Gov Corporation may be reached at 1-888-PAY-1040 (1-888-729-1040) or at www.pay1040.com. There is no IRS fee for credit card payments, but the processor charges a convenience fee. Electronic filers with a balance due can file early and authorize the government's financial agent to take the money directly from their checking or savings account on the due date.

Note that if you file your tax return or a request for an extension on time, even if you can't pay, you avoid potential late filing penalties.

7. **Request an Extension of Time to File.** If the clock runs out, you can get an automatic four-month extension of time to file, to Aug. 15. An extension of time to file does not give you an extension of time to pay, however. You will need the adjusted gross income and total tax amounts from your last filed return if you request the extension by computer or phone. You may also get an extension by charging your expected balance on a credit card and you won't have to file the form. Contact Official Payments Corporation or Link2Gov Corporation. There is no IRS fee for credit card payments, but the processor charges a convenience fee.

Note that the extension itself does not give you more time to pay any taxes due. You will owe interest on any amount not paid by the April deadline, plus a late payment penalty if you have not paid at least 90 percent of your total tax by that date.