

IRS to Start Processing Delayed Returns on February 14th

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The 2010 Tax Relief Act that was passed by the federal government on December 17, 2010 had several widespread tax incentives that will benefit millions of American taxpayers. However, the late passage of the law means that up to ½ of tax filers will not be able to electronically file their personal income tax returns until February 14, 2011 as the IRS works to update the tax forms and internal systems. This will inevitably delay refunds for many.



On January 20, 2011, The Internal Revenue Service announced February 14 start date for processing tax returns delayed by the December 17 enactment of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, which extended a number of expiring provisions. The IRS needed the extra time to update its systems to accommodate the tax law changes without disrupting other operations tied to the filing season.

Beginning February 14th, the IRS will start processing both paper and e-filed returns claiming the following items:

- ✓ **Itemized Deductions on Schedule A:** This includes deductions for mortgage interest, real estate taxes and charitable contributions. Nearly everyone who owns a home itemizes deductions and files a Schedule A.
- ✓ **Higher Education Tuition and Fees:** This deduction, covering up to \$4,000 of college tuition and fees, is claimed on Form 8917 and is available for parents and students.
- ✓ **Educator Expense Deduction:** This deduction is available for educators of Kindergarten through Grade 12 with out-of-pocket classroom expenses of up to \$250.

The IRS reminded taxpayers affected by the delay that the preparation of their tax returns can begin immediately, because many e-file software providers are ready now to accept these returns. The software providers will hold onto the returns and then electronically submit them after the IRS systems open on Feb. 14 for the delayed forms. Taxpayers should check with their tax preparer, who can prepare the returns now and hold them until the updates are complete. Most other returns, including those claiming the Earned Income Tax Credit (EITC), education tax credits, child tax credit and other popular tax breaks, can be filed as normal, immediately.

Several less common forms, affecting fewer individuals, have also been delayed and are at the back of the line to be revised. It's expected they will not be finalized until late February. They include:

- ✓ Form 3800, General Business Credit
- ✓ Form 4684, Casualties and Thefts
- ✓ Form 5405, First-Time Homebuyer Credit and Repayment of the Credit (Page 2)
- ✓ Form 6478, Alcohol and Cellulosic Biofuel Fuels Credit
- ✓ Form 8834, Qualified Plug-in Electric and Electric Vehicle Credit
- ✓ Form 8859, District of Columbia First-Time Homebuyer Credit
- ✓ Form 8910, Alternative Motor Vehicle Credit
- ✓ Form 8936, Qualified Plug-in Electric Drive Motor Vehicle Credit

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