

Tax Tidbit #2: How To Get A \$1,000 Refund By Filing An Amended Tax Return

By Wayne M. Davies

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Tax Tidbits:
Presented by Wayne M. Davies of www.YouSaveOnTaxes.com .

Short but sweet tax nuggets for the Small Biz Owner and/or Self-Employed Person, each morsel serving up a specific tax reduction strategy guaranteed to tickle your monetary taste-buds.

The U.S. Tax Code is so big, there's only one way to digest it: one little nibble at a time.

Just like a piece of candy, one small bite of tax knowledge can give you one very delicious deduction!

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Aren't you glad another Tax Season is over?

Ah, yes -- another tax return filed, another tax return "in the books."

Well, I've got a pleasant surprise for you.

Did you know you can actually get a refund for a return

that you already filed?

Yep, it's true.

If you think you forgot a deduction on a previously filed return, you have three years to tell the IRS about it and receive a refund.

Here's how it works: You can file an amended return up to three years after the due date of the return in question.

So, for Year 2002 returns due April 15, 2003 -- you have until April 15, 2006 to file a correction.

For Year 2001 returns due April 15, 2002 -- you have until April 15, 2005 to file a correction.

And for Year 2000 returns due April 15, 2001 -- you have until April 15, 2004 to file a correction.

Now the question becomes: Is it worth it? I mean, do you really want to spend the time and energy doing tax paperwork -- and it's not even Tax Season!

I know, I know -- you've got better things to do with your time.

So here's an incentive to make it worth your time: If I offered you a little part-time job that paid about \$140 per hour, would you be interested? I think so.

Well, that's how you should look at the task of filing an amended tax return. Do the math:

You discover \$1,000 of unreported deductions on your return from Year 2000, 2001 or 2002. So you do the research, prepare the proper forms (or have your accountant do it), and send them off to the IRS.

If you are in the 35% tax bracket (say, 30% federal plus 5% state), you will get a \$350 refund for your efforts. And even if it took you 2.5 hours of paperwork drudgery, Uncle Same just paid you a cool \$140/hour. Not bad, eh?

To file an amended federal income tax return, here are the links to the necessary forms:

Form 1040X -- in pdf format:

<http://www.irs.gov/pub/irs-pdf/f1040x.pdf>

Form 1040X -- in "fill-in" pdf format:

<http://www.irs.gov/pub/irs-fill/f1040x.pdf>

IRS instructions for Form 1040X:
<http://www.irs.gov/pub/irs-pdf/i1040x.pdf>

You should also file an amended state return (assuming your state has an income tax). For a link to a database of all state income tax forms, check out:
<http://taxes.yahoo.com/stateforms.html>

Don't forget: if you're able to find \$1,000 worth of unreported deductions on one previously filed return (resulting in tax savings of \$350), there's a good chance the same situation exists for the other 2 "open" years.

End result: $\$350 \times 3 = \$1,050$ in total tax savings . . .

. . . Hmm, mmm, good! Now that's a tasty little morsel!

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Wayne M. Davies is author of the new eBook, "The Tax Reduction Toolkit: 29 Little-Known Legal Loopholes That Will Reduce Your Taxes By Thousands (For Small Business Owners and Self-Employed People Only!) Don't file another tax return until you visit:
<http://www.YouSaveOnTaxes.com/toolkit.html>

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