

The 37 Cent Mistake

By Wayne M. Davies

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When it comes to filing your tax return, spending 37 cents could be the biggest mistake you ever make.

Millions of taxpayers make the mistake of putting their income tax return in a regular letter-sized envelope, sticking on a 37 cent stamp, and placing the envelope in their mailbox.

And millions of taxpayers "get away" with this mistake year after year.

Why do I say that putting your tax return in the mailbox is a mistake?

Let me explain.

Every year, a small percentage of mail doesn't get delivered. The U.S. Postal Service doesn't like to admit

this, but it's true.

Furthermore, even if your tax return gets delivered to the IRS, every year a small percentage of tax returns get lost by the IRS.

Don't believe me? I'll never forget the day one of my clients showed me a letter he received from the IRS:

"We regret to inform you that we received your return.... but have lost it."

Honest to goodness, this actually happened!

So my question to you is this: What are you doing to do if this happens to you!

If your tax return doesn't get delivered, or if it gets delivered but is subsequently lost inside the mammoth IRS, what are you going to do to prove that you actually mailed the return?

Just calling the IRS and saying, "Well, I mailed it on time. I know I did!" isn't going to prove anything. And the burden to prove you mailed the return on time will rest on your shoulders.

You have two ways to solve this potentially dangerous problem:

OPTION #1: File your return electronically.

There are many benefits to e-filing. The one I want you to focus on now is this: When you e-file your return, you receive an electronic acknowledgement within 48 hours that the IRS has accepted your return.

Bingo! Now you have proof positive that the return was filed. 'Nuff said?

E-filing is rapidly becoming the filing method of choice. But the majority of returns are still filed on paper, so here's a second way to avoid the "missing return" dilemma.

OPTION #2: If you're a "paper filer", go to the post office and spend a measly \$4.05 to send the letter via Certified Mail, Return Receipt Requested.

Doing this will accomplish two very important things:

1. Certified Mail (which costs \$2.30) provides the proof that the return was mailed, and that it was mailed on time,

on or before the due date.

According to the IRS, a paper return is filed on time if it is mailed in an envelope that is properly addressed and postmarked by the due date. When you use Certified Mail, you will get a receipt postmarked by the postal employee, and that date on the receipt is the postmark date.

So, should the return get lost by the IRS, or if the IRS questions whether you mailed it on time, you will have written proof.

Plus, every piece of Certified Mail is assigned a tracking number which can then be traced by the U.S. Postal Service should a problem arise.

2. Return Receipt provides another level of insurance. For an extra \$1.75, when the letter is delivered, the IRS must sign or stamp a receipt that documents the date of delivery. This receipt then gets mailed back to you, so that you now have the written proof that the IRS received it.

Technically, you only need to send the return via Certified Mail to prove that it was indeed mailed on time. But I really like the Return Receipt as well -- it gives you that extra "peace of mind" to know that the IRS received it. And you'll know exactly what day it was received. This is the proof of delivery.

So don't run the risk of having your tax return get lost in the mail.

And don't run the risk of having your tax return get lost in the piles and piles of paper that flood the IRS each year.

Think about it. Well over 100 million personal income tax returns are filed with the IRS every year, and the majority of them are still prepared on paper and mailed by the U.S. Postal Service.

The U.S. Postal Service and the IRS are staffed by hard-working people who are only human. People make mistakes. To greatly reduce the chance of a mistake being made with your return, don't you make the mistake of just putting your tax return in the mailbox.

Instead, e-file it, or take it to the post office and send it Certified Mail, Return Receipt Requested. It could be the best \$4.05 you ever spent!

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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:

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