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Marc A. Hebert's 'Money \$ense': 2020 federal income tax returns

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FOR THOSE who haven't already submitted their return, tax filing time is once again upon us, and it's time to start getting your filing information together.

The IRS recently extended this year's tax filing deadline for most taxpayers to Monday, May 17.

The first step is to obtain a copy of your 2019 tax return. This will guide you to what materials you may need for 2020. Review the return and gather the information that you will need for 2020.

This probably means W-2s, 1099s, and other records such as for itemized deductions. These are the forms you or your tax preparer will need to complete the return.

As you proceed, be mindful of various tax planning strategies you could use. Can you make an IRA contribution? Can you make a contribution a health savings account (HSA)?

If you have a small business, does establishing a retirement plan for your business make sense?

If the gathering process is proving difficult, you may think that filing on time is just not going to happen for you.

In this case, you might consider filing for an extension. This will need to be done by the due date of the return and can be accomplished by using IRA Form 4868, "Application for Automatic Extension of Time to File U.S. Individual Income Tax Return." This form can be filed electronically using the instructions on the form. A tax filing extension will give you five extra months to file until Oct. 15.

It is important to note that filing an extension does not give you extra time to pay any tax due. When filing the extension, you will need to make a good faith estimate as to the tax owed. This amount needs to be paid by the filing date.

If you don't pay an appropriate estimate, you could owe interest and penalties. In fact, your extension could be voided if the IRS thinks the estimated tax wasn't reasonable.



The extension should be filed even if you can't pay what you think you will owe. Don't just ignore the situation – doing that will only make it worse. Instead, pay what you can.

There will be interest and maybe penalties on the unpaid amounts, but at least you will have done what you can to limit these. You will have filed on time. You might also be able to work with the IRS on the payment of the balance. Some people might be able to pay in installments.

On the flip side, you may have to wait a bit more for your refund if you're due to receive one. Identity theft and tax refund fraud is a potential problem. Be aware of possible tax scams, especially scams related to the COVID-19 pandemic.

It is worth learning more about these on the IRS website, **IRS.gov**.

The IRS has acknowledged the recent spread of tax fraud and has stepped up its efforts to deal with the problem. One initiative is the implementation of filters to stop the majority of fraudulent returns.

However, there's a chance legitimate tax filings may be caught by this filter.

However, most people who are due to receive a refund can expect a check within 21 days of filing. For best results, consider filing as soon as you can and electronically. The processing of 2019 paper tax returns was delayed, as the coronavirus pandemic made staffing an issue at the IRS.

Keep in mind that this information relates to federal taxes. Depending on your state, you might have a state tax return due as well.

Be sure to check the filing and extension requirements for your state. Now is also a good time to check your 2021 estimated tax payments for either federal or state taxes. You might owe these if you are self-employed, for example.

Filing your taxes can feel like a stressful process. The key to your tax return is to start your filing as early as you possibly can and seek professional help when needed.

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