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## 10 TIPS FOR TAX DEADLINE JITTERS

By Victor Sy, CPA, MBA

If you have not filed your income tax returns by the end of March, chances are you do not expect a refund, your tax records are a mess, or you simply do not want to break tradition.

Just remember that filing extensions is not exactly a nice habit. Besides prolonging your worries, it also extends your own statute of limitations within which the IRS can audit you. If you file your 2011 tax returns by April 17, 2012, the IRS has until April 2015 to audit you. If you request for an extension and file by October 2012, the IRS has an extra six months to October 2015 to snoop at some items that you may not want disturbed. If you fail to file a return, there is no statute and therefore no end to when the government can examine your returns.

Having primed you up to beat the tax deadline, here are some Tylenol caplets for you:

1. If you are missing a W-2 from an employer who moved or closed shop, use Form 4852. Use your last pay stub that shows year-to-date earnings and withholdings to complete Form 4852 and attach it to the front of your return.
2. If you have not received a 1099 (that you do not want anyway), estimate your 1099 income with no withholding and report that in line 22 of your federal tax return.
3. Check the recipient I. D. number on your 1099s for commissions and independent contract income (without withholding). For example, if you have a corporation with its own federal identification number and the payor erroneously issued a 1099 to your Social Security Number, ask the payor to reissue a corrected 1099. Under the matching program of the IRS, that erroneous 1099 results in an unreported income by you, personally, and could trigger an unnecessary correspondence on Form CP2000.
4. You can still contribute to an IRA by April 17, 2012 and claim it for 2011 even if you did not open an IRA account last year. In fact, the funds do not even have to be physically received by the bank by April 15. In a recent Letter Ruling, the IRS stated that an IRA contribution that is mailed to a bank is considered made on the postmarked date, not on the date the bank actually receives it. Therefore, a contribution mailed April 14 but received by the bank on April 15 can still count as an IRA deduction for 2011. Use certified mail.
5. Set up a SEP (Simplified Employee Pension Plan). You may set it up after 2011 just like a KEOGH and fund it by the extended due date of the return.
6. Do not forget to deduct property taxes and state income taxes due in 2012 but prepaid in 2011.
7. For many of you who were forced to pay mortgage prepayment penalty for refinancing high interest bearing trust deeds, now is the time to recoup that expense. Deduct the penalties as interest expense for 2011.
8. You may also deduct penalties for premature withdrawal of time certificates of deposits.
9. Review your filing status. Filing a joint return almost always results in a lower tax bite. Study the possibility of filing as Head of Household if you have a dependent child and your spouse was not a member of your household from July to December of 2011 or if you are supporting a parent outside your home.
10. Do not forget tax credits (Child Tax Credit, Earned Income Credit, Hope and Lifetime Credits) to reduce your tax bite.