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New Tax Laws for 2011

Itemize your tax deductions? Itching for a refund? You are probably going to have to wait says Gary E. Rowe, CPA CEO of M.R. Gaebel, Inc.

According to Mr. Rowe the IRS has announced that as a result of the recently passed tax legislation, taxpayers affected by three recently reinstated deductions will need to wait until mid- to late February to file their individual tax returns. This is regardless if the taxpayers either e-file or file paper returns. Taxpayers who itemize deductions on Form 1040 Schedule A will also need to wait until mid- to late February. However, the start of the 2011 filing season will begin in January for the majority of taxpayers. The IRS will announce a specific dates in the near future when it can start processing tax returns impacted by the late tax law changes. In the interim, people in the affected categories can start working on their tax returns, but they should not submit their returns until IRS systems are ready to process the new tax law changes. If they do they will be held back from processing until such time as the IRS has completed the changes to their computers.

Taxpayers will need to wait to file if they are within any of the following three categories:

- **Taxpayers claiming itemized deductions on Schedule A.** Itemized deductions include mortgage interest, charitable deductions, medical and dental expenses as well as state and local taxes and state and local general sales tax deductions. Because of late Congressional action to enact tax law changes, anyone who itemizes and files a Schedule A will need to wait to file until mid- to late February to file.
- **Taxpayers claiming the Higher Education Tuition and Fees Deduction.** This deduction is claimed on Form 8917. However, the IRS emphasized that there will be no delays for millions of parents and students who claim other education credits, including the American Opportunity Tax Credit and Lifetime Learning Credit.
- **Taxpayers claiming the Educator Expense Deduction.** This deduction is for kindergarten through grade 12 educators with out-of-pocket classroom expenses of up to \$250. The educator expense deduction is claimed on Form 1040, Line 23 and Form 1040A, Line 16. For those falling into any of these three categories, the delay affects both paper filers and electronic filers.

The IRS emphasized that e-file is the fastest, best way for those affected by the delay to get their refunds. The IRS will be working closely with the tax software industry and tax professional community to minimize delays and ensure a smooth tax season.

The staff of M.R. Gaebel, Inc. is ready to assist taxpayer's with any questions that they may have and are able to e-file returns. **Contact 493-1862.**