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## Be Sharp and Get Prepared for Tax Season!

*“Give me six hours to chop down a tree, and I will spend the first four sharpening the axe.” — Abraham Lincoln, former U.S. President*

Start sharpening your axe now so that you are ready to file your 2020 taxes.

Although tax season usually begins in late January, the IRS will begin accepting submissions on February 12—coincidentally, Abe Lincoln’s birthday! The Free File program is **launching this Friday, January 22** (keep reading for more on Free File).

Due to the pandemic, Economic Impact Payments, tax law changes, and other delays, the season is running a bit behind schedule. However, all of the updates and changes have been made to IRS forms and instructions.

If you choose to use the Free File software, start working on your filing as soon as possible.

### Updates and Changes for 2020 Tax Preparation

Most taxpayers will file either the IRS Form 1040 or the new Form 1040-SR for seniors once they receive their W-2’s and other earnings information. All of the latest tax laws changes are reflected in software updates required to prepare and file returns, and Forms 1040 and 1040-SR are now available at IRS.gov.

Economic Impact Payments are considered an advance payment of the Recovery Rebate Credit. There is now a Recovery Rebate Credit worksheet on page 59 of the 1040/1040-SR instructions. If a taxpayer did not receive the full amount of both EIPs, they should include the amounts they received before any offsets when they file. Anyone who received the full amount for both EIPs should not include any information about the advance payments when they file their tax return.

Also, taxpayers now can use prior year income amounts when computing the Earned Income Tax Credit and the Additional Child Tax Credit.

### Sharpen That Axe! Plan and File

The IRS encourages taxpayers to file electronically with direct deposit as soon as they have the information they need.

“Planning for the nation’s filing season process is a massive undertaking, and IRS teams have been working non-stop to prepare for this as well as delivering Economic Impact Payments in record time,” said IRS Commissioner Chuck Rettig in a statement. “Given the pandemic, this is one of the nation’s most important filing seasons ever. This start date will ensure that people get their needed tax refunds quickly while also making sure they receive any remaining stimulus payments they are eligible for as quickly as possible.”

The average refund received by American taxpayers was over \$2,500 last year. More than 150 million tax returns are anticipated to be filed this year, with the majority before the Thursday, April 15 deadline.

Keep in mind, because of provisions in the PATH Act of 2015, the IRS cannot issue refunds involving the Earned Income Tax Credit or Additional Child Tax Credit before mid-February. This allows additional time for the IRS to stop fraudulent refunds and claims.

The IRS predicts that refunds will be available the first week of March for many EITC and ACTC taxpayers **IF** they file electronically with direct deposit and there aren’t other issues with their tax returns. That would be roughly the same experience for taxpayers if the filing season opened in late January. If you submit your filing and are wondering about its status, check out the IRS’s online Where’s My Refund tool for your refund date.

Overall, we expect that nine out of 10 taxpayers will get their refunds within 21 days of electronic filing with direct deposit if there are no issues with their tax return. *To avoid delays in processing, people should avoid filing paper returns wherever possible.*

## Does Free File Work for You?

Free File and certain other similar online tax preparation products such as MilTax (tax services for the military offered through the DOD) offer taxpayers a free way to do their taxes themselves while claiming the credits and deductions to which they are entitled. Consider taking advantage of these free services available to any taxpayer or family who earned \$72,000 or less in 2020.

The Free File Fillable Forms, the electronic version of IRS paper forms, also will be available later when the filing season begins. This product is best for people comfortable preparing their own taxes and is safe and secure. Although each IRS Free File provider sets its own eligibility rules, anyone who makes \$72,000 or less will find at least one product to suit their needs. Some providers offer free state preparation, too. Tax software, including the IRS Free File providers, will accept completed tax returns and hold them until they can be filed electronically.

For 2021, these providers are participating in [IRS Free File](#):

- 1040Now
- ezTaxReturn.com
- FreeTaxReturn.com
- FileYourTaxes.com
- Intuit (TurboTax)
- Online Taxes (OLT.com)
- TaxAct
- TaxHawk (FreeTaxUSA)
- TaxSlayer

IRS Free File products in Spanish are also available through [ezTaxReturn.com](#) and [TaxSlayer](#).

I urge taxpayers to “chop away” at organizing your materials so that you’re ready to file as soon as possible. Let me help you get the job done right.

Contact me or call 201.787.6542.