

Why You Don't Want to Wait to File Your Taxes This Year

The Internal Revenue Service (IRS) expects this tax season to be another challenging one for the agency and taxpayers alike. The agency finds itself struggling with a growing workload due to budget cuts, a growing backlog of unprocessed returns and federal stimulus measures that were introduced last year. This comes on the heels of what the National Taxpayer Advocate's 2021 Annual Report called "the most challenging year ever for taxpayers." The report acknowledged that "there is no way to sugarcoat the year 2021 in tax administration: From the perspective of tens of millions of taxpayers, it was horrendous."

During the 2021 tax filing season, the IRS answered only one out of every nine calls, and processing delays left the IRS with more than 10 million unprocessed returns as of January 2022, a number that continues to grow.¹ While the IRS plans to hire 10,000 employees to address the backlog and assist with processing new returns, it will take time to onboard and train new employees.² As a result, many taxpayers can expect longer processing times and delays in receiving refunds in the weeks and months ahead.

Despite having a few extra days to file returns this year—they're not due until April 18, 2022—taxpayers may not want to wait until the last minute. The information below addresses factors that can delay the processing of your return, steps you can take now to head off tax filing headaches, and where to get help if you need it, including how to track a refund.

Who should expect delays?

The IRS says taxpayers who mail a paper return this year or those who responded to an IRS inquiry about their 2020 return should expect delays. In addition, the IRS says that certain tax returns simply take longer to process than others, including when a return:

- Is incomplete
- Requires a correction to the Recovery Rebate Credit amount
- Includes a claim filed for an Earned Income Tax Credit or an Additional Child Tax Credit using 2019 income
- Is affected by identity theft or fraud
- Needs further review

In addition, the IRS says it's taking more than 21 days (and up to 90 to 120 days) to issue refunds for tax returns with the Recovery Rebate Credit, Earned Income Tax Credit and Additional Child Tax Credit.³

How to avoid filing headaches

In addition to filing your return as early as possible, the IRS recommends the following steps for taxpayers seeking to avoid processing delays or to speed up an anticipated refund:

- Gather your records in advance, including W-2s and 1099s. Don't forget to save a copy for your files.
- Get the right forms. Tax forms are available at IRS.gov under "Forms and Publications."
- File electronically versus mailing returns.
- Provide the IRS with your bank routing information so any refund can be directly deposited to your account.
- Check your numbers. Mistakes are a leading cause of delays in processing taxpayer returns.

Where to get help

Looking for assistance or the status of your refund? Tax forms, instructions and other resources to help taxpayers prepare and file their returns are available at IRS.gov. Taxpayers can also download the IRS2Go mobile app on Google Play, the Apple Store or Amazon. Available in English and Spanish, the free mobile app makes it easy to check your refund status, make a payment, find free tax preparation assistance, or sign up for helpful tax tips. If the mobile app's not your thing, you can also track your refund status using the online search tool *Where's My Refund?* at IRS.gov/refunds.

According to IRS, you should only call them with questions if it's been 21 days or more since you e-filed your return or if *Where's My Refund?* directs you to contact them.

Keep in mind, if you are expecting a refund this year, it may be time to revisit your withholding. Ideally, you want to make sure that your money is available to you throughout the year, not parked with the IRS. While many people choose to use a tax refund to pay down debt or increase savings, having that money working for you throughout the year may help head off debt in the first place by bolstering emergency or other savings. Be sure to talk to a professional tax advisor if you have questions about your taxes or withholding.

To learn how a tax-efficient investment strategy can help you plan for a confident future, call the office to schedule time to talk.

¹ https://www.taxpayeradvocate.irs.gov/wp-content/uploads/2022/01/ARC21_Full-Report.pdf

² <https://thehill.com/policy/finance/596856-irs-to-hire-10000-in-attempt-to-cut-tax-returns-backlog>

³ <https://www.irs.gov/refunds>

This information was written by KRW Creative Concepts, a non-affiliate of the broker-dealer

Please note that neither Cetera nor any of its agents or representatives give legal or tax advice. For complete details, consult with your tax advisor or attorney.

Cetera Financial Group" refers to the network of independent retail firms encompassing, among others, Cetera Advisors LLC, Cetera Advisor Networks LLC, Cetera Investment Services LLC (marketed as Cetera Financial Institutions or Cetera Investors), Cetera Financial Specialists LLC, and First Allied Securities, Inc. All firms are members FINRA/SIPC. Cetera Financial Group is located at 655 W. Broadway, 11th Floor, San Diego, CA 92101

Individuals affiliated with Cetera firms are either Registered Representatives who offer only brokerage services and receive transaction-based compensation (commissions), Investment Adviser Representatives who offer only investment advisory services and receive fees based on assets, or both Registered Representatives and Investment Adviser Representatives, who can offer both types of services.