



CWR Monthly

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Delays on some returns due to late passage of Tax Bill

With the passage of the passage of the Bush Tax Cut Extensions, the IRS says that the upcoming tax season will start on time for most people; however, taxpayers who are affected by the following deductions will see a delay in processing their returns until mid to late February.

- State and local sales tax deductions
- Higher education tuition and fees deduction
- Educator expense deduction
- Itemized deduction returns (filed on 1040 Schedule A)

The delays are due to the IRS having to re-program their computer systems to allow for the changes affected by the passage of the tax law change in late December.

While returns cannot be filed until the IRS announces that their computer systems have been re-programmed, filers can begin working on their tax returns ahead of time to have them ready to file when the IRS clears these types of returns for filing.

This delay affects both paper filers and electronic filers.

The IRS emphasizes that e-file is the fastest, best way for those affected by the delay to get their refunds.

Other news

In addition, the IRS reminds employers about the new withholding tables released Friday, December 16 that go into effect January 1, 2011. Employers should implement the 2011 withholding tables as soon as possible, but not later than January 31, 2011.

The new withholding tables will incorporate the reduction in the employee portion of the Social Security to 4.2% instead of 6.2%. The Medicare portion remains the same at 1.45%.

The employer's portion, however, remains unchanged from 2010 at 6.2% Social Security and 1.45% Medicare.

Till Next Time,

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