

Understanding the Amended Tax Return Form

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It's best to file your amended tax return form as soon as possible so you don't get hit with penalties. Christopher Robbins/Digital Vision/Thinkstock

Introduction to Understanding the Amended Tax Return Form

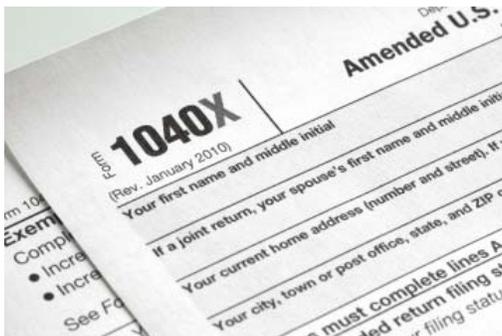
Few things are less fun than figuring out one's taxes. For millions each year in the United States, April 15 looms as the due date for filing an income tax return to the IRS. In order to fill out a return properly and make sure you are not underpaying or overpaying, you must use diligent record keeping throughout the year, understand complex tax terms, be familiar with myriad [deductions](#) and keep up-to-date with changes.

The [U.S. tax code](#) is highly complicated, making the process confusing for average Americans. On top of this, it can be extremely frustrating when you sit down to calculate this year's tax return only to discover that you made a mistake on last year's return.

Understandably, mistakes happen. To help, the IRS provides the **Form 1040X**, a form dedicated to amending a previously submitted tax return. If a taxpayer forgot to report some freelance babysitting income on last year's return or overlooked some investment income used to pay for home improvements, the IRS could require past-due taxes with interest.

Tax experts generally say that it's best to pay this as soon as possible, rather than hope the IRS overlooks it, because the longer a taxpayer waits, the more interest accrues, and the IRS could charge a penalty on top of that. Other times, amending a tax return can benefit a taxpayer and provide a refund from the IRS.

Before you begin going over the 1040X form itself, you'll have to determine whether this is the appropriate form for you. We'll then discuss how much time the IRS allows to submit the form. And, although the IRS tries to make this form easy to follow, it can still seem complicated to navigate. Indeed, the IRS estimates that it takes the average taxpayer a full nine hours and an out-of-pocket cost of \$160 to complete and submit the form [source: [IRS 1040X Instructions](#)]. So, we'll go over the form and the instructions to help you understand them. Finally, you'll have to include all required documentation and make sure to mail it to the right place.



The 1040X can be used to correct mistakes on a few different tax forms. Anatoly Vartanov/iStock/Thinkstock

Determining If You Need to File a 1040X

The amended tax return form is known as a Form 1040X. The 1040X is used only to correct one of the following income tax return forms: 1040, 1040A, 1040EZ, 1040NR or 1040NR-EZ.

The amended tax return form has a few different purposes. For instance, the taxpayer can use it to make elections, such as taking advantage of certain deductions or removing a deduction for which you didn't actually qualify. A taxpayer can also use it to change filing status, such as changing from "[married filing separately](#)" to "[married filing jointly](#)." (Please note, however, that you can't change your status from joint to separate). Yet another purpose is to change certain amounts previously adjusted by the IRS. The IRS points out that you should not include any interest or penalty amounts, however.

Finally, a taxpayer can use 1040X or Form 1045 to make a claim for a **net operating loss (NOL) carryback**. A "carryback" refers to a special way that companies (including individuals who run their own businesses as sole-proprietorships, partnerships or S corporations) can apply losses from the current year against the taxable income of a previous year.

For example, say a taxpayer runs a small consignment shop business that made \$15,000 last year. This year, the taxpayer decided to rent out a larger retail space and buy more clothes racks but ended up losing \$9,000 by the end of the year. The taxpayer could "carryback" this loss to last year's taxable income retroactively with a 1040X and ask for money back from the IRS.

So, what if you realize you made a simple math mistake? Or it occurs to you that you didn't include a copy of a W-2 that was required? The IRS clearly states that you should not file a 1040X for such minor mistakes. Instead, the IRS will catch it and let you know whether it requires further action [source: [IRS Topic 308](#)].

Also, if you only need to update your address, you can use **Form 8822**. Likewise, the IRS has a different form (**Form 843**) for requesting a refund of penalties and interest or an addition to a tax that was already paid. If a taxpayer qualifies as an "[injured spouse](#)," meaning the joint overpayment should be applied to the spouse's tax obligation, the taxpayer can fill out a **Form 8379**, not a 1040X, to request a refund for the taxpayer's share of the overpayment.

On top of everything, don't forget to check with your state to see whether the change affects the taxes you filed with them. Next, we'll look at deadlines.



Due Dates for Filing a 1040X

If you've safely determined that you need to file an amended return, let's take a look at some deadlines for submitting it. First, as we discussed earlier, tax experts usually advise paying what you owe to the IRS as soon as possible to avoid a higher interest payment. However, if you want a refund from the IRS, you'll need to get the 1040X in by the deadline.

Although amended returns can be submitted immediately after the original, if you are amending to ask for a bigger refund, the IRS asks that you wait until you have received your first refund check before filing a 1040X. Generally, in order to receive an adjusted refund or a credit, you must submit the 1040X within three years of the date you filed the original return or two years after you paid the tax (whichever is later).

The IRS doesn't punish those who filed early, however: If you filed the original before April 15, the IRS still considers it filed on April 15 for the purposes of this deadline. On the other hand, if you had an extension, the return is considered filed on the extension due date, regardless of whether you filed it earlier. For those who struggle to take care of their taxes because of physical or mental disabilities, the IRS can make exceptions.

You do have more time to file for a refund under certain circumstances. For instance, if you held a security (such as corporate [stock](#) or [bond](#)) that became worthless, or a business owed you money that it couldn't pay back (**bad debt**), you generally have seven years from the due date of the return in the tax year in which the security or debt became worthless. Or, if you need to change a deduction for foreign taxes or foreign tax credit, the IRS allows 10 years from the due date of the return for the year the taxes were paid (not including extensions). Check the form instructions for more special situations.

PRO TIP: WHEN TO WAIT

The IRS typically has three years to audit your tax returns. Filing an amendment does not increase this statute of limitations if there is no net increase in tax. As a result, someone can wait until within 60 days of the deadline to submit an amended return asking for a larger [refund](#). In this case, the IRS has only 60 days to make an assessment [source: [Wood](#)].



Even if you originally filed your taxes electronically, you must file Form 1040X by mail.
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Filling out a 1040X

Now we get to the nitty-gritty of the form itself. First, you must obtain Form 1040X by printing it from [IRS.gov](#) or calling the IRS to request one. Unfortunately, for all those who love the convenience of e-file for filing a tax return, this particular form must be filled out on paper. (Most tax preparation services can also provide the form and help you fill it out.) You'll also need the "Instructions for Form 1040X," which is available at [IRS.gov](#), and a copy of your original return and any supporting documents.

Examine the form itself for a few minutes, but don't fill out anything until you've had a chance to carefully read the instructions document. The instructions direct everyone who submits the form to fill out the top, including the tax year you are amending, your name, [Social Security number](#), address, phone number and your filing status. Below that, you'll notice a lot of items that might or might not apply to you. The instructions include a chart to help you determine which lines to fill out and which lines you can skip. On the back of the form, the instructions direct everyone to include an explanation of the changes, a signature and date.

The IRS suggests using a hard copy of the original return you're amending and marking the changes in the margin. When you're done marking the changes, you can start writing those same amounts in the form. In Column A, write the amounts that were in the original return. In Column C, you'll put the new, correct amounts. Column B is simply the difference between the two. Write negative numbers in parentheses. For example, when Column C is less than Column A, write the difference in parentheses in Column B. For items that don't change, write the same amount in Column A and Column C.

Be careful how one change might affect the amounts in other lines. For instance, if you change your **adjusted gross income (AGI)**, which is your total income minus certain deductions, this could affect certain deductions that have a limit based on AGI, such as the allowable [charitable contributions deduction](#) or retirement savings contributions credit. Check with a tax practitioner if you have any questions.

PRO TIP: LET THE IRS KEEP IT

If you are asking for a refund, consider applying the amount toward your next tax payment by using line 22 (rather than line 21). This could help avoid a dispute with the IRS [source: [Wood](#)].



There are very specific rules when it comes to packing up and shipping off your amended tax return form.
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Sending in a 1040X

Before filing, be sure to make a copy for your records. Then, pay close attention to the instructions for submitting a 1040X so the IRS can process your amended return quickly. The IRS requires you to include any applicable forms or schedules (i.e., any and only the ones that support the change you are making) and asks you to put them behind the 1040X in the proper order.

To determine the order, look at the upper right corner of the supporting form where it says "Attachment Sequence No." and place them in order from lowest to highest. However, the IRS stipulates several forms that should be attached the front of the 1040X, including a W-2, 1099-R or 1042S. Check the instructions under "Assembling Your Return" for your specific case.

If you owe money, the IRS instructions direct you to include the check or money order (not cash) in the envelope. Alternatively, you can pay electronically at the IRS website. The IRS instructions state the amount should be for the original amount you owed — don't attempt to calculate the interest or penalties, but rather wait for a bill from the IRS. If you can't afford the amount you owe to the IRS, you can apply online at [IRS.gov](#) for monthly installments.

The IRS asks that you not attach the check with a staple or paperclip, but rather that you put it loose in the envelope and that you make the check out to "United States Treasury." The IRS instructions also direct that the check includes not only your name and address, but also your daytime phone number and Social Security number. (If filing jointly, include only the Social Security number that is listed first on the form). In addition, write the tax year you are amending.

If nothing else, perhaps this experience of examining the 1040X will help you better understand the income tax process, which you can explore further with the links on the next page.

PRO TIP: CONSIDER NOT FILING

Most tax preparers would advise filing an amended return. However, tax lawyer Robert W. Wood [points out](#) that you cannot be prosecuted for not filing an amended return if your original return was accurate according to your best knowledge at the time. But if you don't file, you better have proof that the original was filled out to your best knowledge.

Lots More Information

Author's Note: Understanding the Amended Tax Return Form

I've always been worried about making a mistake on my income taxes and feeling the wrath of the IRS. However, learning the process of how to correct mistakes actually helped reduce my anxiety about the process. On the other hand, my desire to avoid disputes that require a 1040X provides excellent motivation for keeping good records throughout the year.

Related Articles

- [When do you have to file taxes for a child?](#)
- [Do you pay taxes on your pension income?](#)
- [What is an above-the-line deduction?](#)
- [How Itemized Deductions Work](#)
- [Where's my tax refund?](#)

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