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Five More Tips For Amending Tax Returns

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Following up on 5 Simple Rules to Follow When Amending Your Tax Return, here are five more tax return amendment tips:

6. Amend each year separately. If you are amending more than one tax return, prepare a separate Form 1040X for each. Mail each amended return in a separate envelope to the IRS "campus"—they used to be called "IRS Service Centers"—for the area where you live. The Form 1040X instructions list the addresses for these IRS campuses.

7. Amended returns are more likely to be audited. Few tax returns are actually audited, but tax lawyers must advise clients based on the assumption ***every*** tax return will be examined. See Why Tax Opinions Are Valuable. Understandably, taxpayers hope their returns will not be examined! However, amended returns are more likely to be examined than original returns. That should factor into your thinking. See Ten Ways To Audit Proof Your Tax Return.

8. Refunds can be applied to estimated taxes. If you file an amended return asking for considerable money back, the IRS may review the situation even more carefully. As an alternative, consider applying all or part of your refund to your current year's tax. That can be lower profile.

9. <u>Beware special statute of limitations rules</u>. Normally the IRS has three years to audit a tax return. See [Even The IRS Has Time Limits](). You might assume that filing an amended tax return would restart that three-year statute of limitations. Surprisingly, it doesn't.

If your amended return shows an ***increase*** in tax, and you submit it within 60 days ***before*** the three-year statue runs, the IRS has only 60 days after it receives the amended return to make an assessment. See [Internal Revenue Manual 25.6.1, Statute of Limitations Processes and Procedures](). That means if the IRS doesn't audit in that 60 day window, you're home free.

Planning opportunities? Some people amend a return right before the statute expires. Plus, note that an amended return that does ***not*** report a net increase in tax does ***not*** trigger ***any*** extension of the statue of limitations. For six year statute of limitations controversies, see [IRS Six Year Audit Push May Reach Supreme Court]().

10. <u>Don't forget interest and penalties</u>. If your amended return shows you owe more tax than you originally reported and paid, you'll owe additional interest and probably penalties. Interest is charged on any tax not paid by the due date of the ***original return***, without regard to extensions. The IRS will compute the interest and send you a bill if you don't include it. If the IRS thinks you owe penalties it will send you a notice, which you can either pay or contest.

<u>Conclusion</u>. Amended tax returns are tricky. You should never take tax return filing obligations lightly, and your original return should be as accurate as you can make it. If you discover afterward that amendments are needed, make sure you think through the various ramifications of filing an amended return.

For more, see:

[Does Going On Return Filing Extension Increase IRS Audit Risk?]()

[Can You Fix The Tax Return You Just Filed?]()

[Beware Amending Tax Returns]()

What's Your IRS Audit Risk?

Nine Facts On Filing An Amended Return

Care With Forms 1099 Helps Audit-Proof Tax Returns

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