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THE TAX LAWYER

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How To Get A Tax Refund

Everyone likes getting a tax refund, perhaps more than any other kind of refund. Refunds of any sort are great, but **tax** refunds are even better.

Yet that doesn't mean it makes sense to intentionally pay (via wage withholding or estimated tax payments) more than you will owe just to have the pleasure of getting money back. Forced savings is one thing, and we all have different means of cash management. But feigning surprise at found money when the IRS sends it back to you makes little sense.

A fundamental idea of tax planning is legitimately deferring income into the future, accelerating deductions, and paying no tax before it is due. In other words, tax payments should normally not be prepaid. Ideally, your estimated tax payments should be exactly what you owe. There are situations in which it's appropriate to prepay, but not as a general rule.

Trying to fine tune how much you will owe can be tough. The effort is worthwhile because usually the government doesn't pay interest. If you prepay your tax six months ahead of time, you are losing money. If it is a year before you see your money back, you're losing even more, no matter how much you enjoy getting that fancy government check. See [How Much Is The Government Making Off You?](#)

Electronic payments are predictably faster than paper checks, and that's not just the mail delay time. According to the IRS, if you file a paper return, your refund should take about six weeks. If you file electronically,

the refund should be within three weeks after your electronic filing. See [Getting A Tax Refund? Ten Things to Know](#).

You can use direct deposit for your refund even if you don't file your return electronically. If the IRS encounters trouble it will send a paper check. If you receive a paper check don't lose it, as getting a replacement can be a hassle.

Increasingly, the IRS prefers—and in some cases requires—electronic payments, and prefers making refund payments via [direct deposit](#). The U.S. still issues about 45 million paper checks for tax refunds annually, and the cost is about \$1 per check, including the cost of processing roughly 600,000 claims a year for checks that go missing. See [Tax Refunds Move to Debit Cards](#). Direct deposit costs the government only 10 cents. With direct deposit, you can request your refund to be allocated between up to three separate bank accounts. To do this, use IRS [Form 8888](#), Direct Deposit of Refund to More Than One Account.

Sigh, the simple satisfaction of seeing one of those money-green Treasury checks in the official brown window envelope is fast disappearing. As I commented [recently](#), e-filing of tax returns and electronic payment are tugging even stalwart fans of carbon paper and typewriters into the 21st century.

Refund Then Audit? Many taxpayers are under the misconception that if they receive a tax refund their return has been audited and approved—or that it won't be audited. Not so fast. The mere fact that you receive a tax refund does not mean your return has been audited and approved. In fact, the IRS generally has three years to audit your return. See [Even The IRS Has Time Limits](#).

Often, a refund will be processed but the audit will come later. The IRS may even change your refund, perhaps reducing it slightly because of a mathematical error, a deduction or credit for which you obviously didn't qualify, or other item. You might get a notice saying your return has been changed, explaining the change, and noting the effect on your tax refund (which is sent separately).

You might think this means your return has been examined—after all, the IRS changed something! Even after all this, though, your return could still be audited. See [Getting A Tax Refund? Ten Things to Know](#). [Amended tax returns](#) are even more vulnerable. See [Ten Tips For Amending Tax Return](#).

Debit Cards? If you want proof the IRS is learning from merchants, consider the [recent announcement](#) that the Treasury Department plans to issue debit cards for tax refunds in the near future. See [Tax Refunds Move to Debit Cards](#). This is supposed to be particularly useful for low income taxpayers without bank accounts, estimated to be nine million households, or about one in twelve.

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