



Key Financial Issues for You and Your Family
Amending a Tax Return — the Right Way
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Anna liked to-do lists. Her trusty dry-erase board was still on the fridge, even though her smartphone app could track her daily tasks more dynamically than she ever could have imagined. Once Anna accomplished something, she loved to check it off.

Unfortunately, that wasn't going to be the case with her 2014 tax return. She filed early (wanting to get it done and all) but, as an independent contractor, Anna was in a trickier situation than many taxpayers. A couple of her 1099-MISC forms had gotten lost in the mail, meaning her income was more than what she'd reported. But she also realized she'd neglected to deduct a couple of sizable business expenses. So Anna stopped into her tax advisor's office to discuss filing an amended return.

Picking a time frame

He began by verifying that Anna did indeed need to amend her return. Doing so is generally recommended only if there's a change in a taxpayer's:

- Filing status,
- Handling of or qualifications for deductions or credits, or
- Income.

Typically, a taxpayer must file an amended return — Form 1040X, to be exact — within three years from the date he or she filed the original tax return or within two years of the date the applicable tax was paid (whichever is later). Anna, of course, wanted to check it off her list sooner rather than later. But her advisor explained that her choice of timing should depend on whether she expected a refund or a bill.

If she was claiming an additional refund, she should wait until she received her original refund. She could then cash or deposit the first refund check while waiting for the second. If she owed additional dollars, she should file the amended return and pay the tax immediately to minimize interest and penalties. Her advisor noted, however, that they'd have to do it on paper; the IRS doesn't (as of this writing) offer amended returns via e-file.

Tracking of status

Although Anna couldn't *file* her amended return electronically, she could *track* it that way. The IRS now offers an automated status-tracking tool called "Where's My Amended Return?" at [http://www.irs.gov/Filing/Individuals/Amended>Returns-\(Form-1040-X\)/Wheres-My-Amended-Return-1](http://www.irs.gov/Filing/Individuals/Amended>Returns-(Form-1040-X)/Wheres-My-Amended-Return-1).

Anna had just the one amended return. But taxpayers with more can track current-year amended returns as well as those for up to three prior years.

Preparing to amend

Anna's tax advisor was mildly surprised that, given her independent contractor status, she'd never had to file an amended return before. Because of the complexity of the Internal Revenue Code, he concluded, it's something every taxpayer should be prepared to do.