

IRS TAX TIP 2004-18

E-FILE HELPS REFUNDS, PAYMENTS

Are you one of the almost 100 million taxpayers who will receive a refund when you file your federal tax return? The IRS says that requesting direct deposit and filing your tax return electronically (e-filing) will put that money in your pocket faster and easier.

Every year, more taxpayers find out how safe and easy it is to have their tax refund deposited directly into their checking or savings account. This option is available for both e-filers and paper return filers.

Generally, your refund will be issued within three weeks when you file electronically, about half the time it would take if you filed a paper return. If you also choose direct deposit, you might receive your refund in as few as 10 days.

In 2003, more than 52 million taxpayers electronically filed their tax return. People who e-file find it's the fastest and easiest way to do their taxes.

The electronic filing program checks for errors or necessary information, increasing the accuracy of your return and reducing the need for correspondence with the IRS to clarify errors or omissions. Once the return is accepted for processing, the IRS electronically acknowledges receipt of the return.

And you can usually file a state tax return at the same time you electronically file your federal tax return.

The IRS is again offering eligible taxpayers the opportunity to electronically prepare and file their tax returns for free through the Free File Alliance, a partnership between the IRS and private-sector software companies. Each member sets their own taxpayer eligibility requirements for the program. The Free File Web page can be reached through the IRS Web site at www.irs.gov.

Finally, with electronic filing, you can file your return early but wait to pay any balance due by the tax deadline of April 15, 2004.

You might want to reduce the size your refund and put more money in your paycheck throughout the year. You and your employer can refigure your federal income tax withholding, allowing the correct amount to be deducted.

For information on e-filing, check the IRS Web site at www.irs.gov. You will also find a withholding calculator and worksheet, along with Form W-4, on the Web site. Or you may get Form W-4 from your employer or by calling the IRS toll free at 1-800-TAX-FORM (1-800-829-3676).

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