



News Release

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Tax Packages Arrive in Mail; IRS Reminds Taxpayers to e-file and Watch for Tax Law Changes

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WASHINGTON — With millions of tax packages beginning to arrive in mailboxes this week, the Internal Revenue Service today reminded taxpayers to watch for commonly overlooked tax credits and late tax law changes that could affect their tax returns.

"The IRS will work to make this tax season as smooth as possible for taxpayers," said Linda Stiff, Acting IRS Commissioner. "We strongly encourage taxpayers to file electronically, particularly those affected by late tax law changes. Filing electronically makes things easier by reducing errors and speeding up refunds."

The IRS is sending 16.5 million 1040 tax packages to taxpayers this month who have filed paper tax returns in the past. The number of paper packages has dropped rapidly in recent years, falling from 34 million packages in just four years. The paper packages are becoming much less common as the popularity of electronic filing soars. Last year, nearly 80 million tax returns used e-file, representing about 57 percent of all returns.

This year, the individual income tax packages mailed to taxpayers do not include any tax credit forms and certain other forms due to late tax law changes involving the alternative minimum tax (AMT) "patch." Copies of these [forms](#) are available on IRS.gov. Taxpayers who e-file should update their tax software to ensure that they are using the updated forms.

The AMT changes also mean that as many as 13.5 million taxpayers using five forms related to the Alternative Minimum Tax (AMT) legislation will have to wait to file tax returns until the IRS completes the reprogramming of its systems for the new law. The IRS has targeted Feb. 11 as the potential starting date for taxpayers to begin submitting the five AMT-related returns affected by the legislation.

The February date allows the IRS enough time to update and test its systems to accommodate the AMT changes without major disruptions to other operations related to the tax season. Although as many as 13.5 million taxpayers will not be able to file their returns until Feb. 11, the effect of the delay may be lessened by the fact that based on previous filing patterns only 3 million to 4 million taxpayers file returns with the five affected forms during these early weeks of the filing season.

The Feb. 11 delay caused by the AMT patch will affect any taxpayer using any of these five forms:

- [Form 8863](#), Education Credits.
- [Form 5695](#), Residential Energy Credits.
- [Form 1040A's Schedule 2](#), Child and Dependent Care Expenses for Form 1040A Filers.
- [Form 8396](#), Mortgage Interest Credit.
- [Form 8859](#), District of Columbia First-Time Homebuyer Credit.

Although these five forms require significant additional reprogramming due to the AMT patch, the IRS has been able to reprogram its systems to begin processing seven other AMT-related forms, including [Form 6251](#), Alternative Minimum Tax - Individuals. Taxpayers filing these seven forms should not experience delays in filing, and the IRS expects to begin processing those returns starting on time.

Electronic returns involving those five forms will not be accepted until systems are updated in February. Similarly, paper filers should wait to file as well. All other e-file and paper returns will be accepted starting in January.

The IRS urges affected taxpayers to file electronically in order to reduce wait times for their refunds. E-file with direct deposit gets refunds in as little as 10 days, while paper returns take four to six weeks. Especially for taxpayers affected by the AMT changes, e-file with direct deposit is the fastest way to get a refund.

Indeed, the IRS expects continued growth in [IRS e-file](#), which is now in its 22nd year. Taxpayers can file their returns electronically one of three ways: through their tax preparer, through over-the-counter software or through IRS Free File.

[IRS Free File](#) is a partnership between the IRS and a consortium of tax software manufacturers who offer free software and free electronic filing to taxpayers who meet certain criteria. For 2008, taxpayers who earned \$54,000 or less will be eligible for Free File. Approximately 70 percent of all taxpayers, or 95 million people, will meet the income criteria. Taxpayers must access Free File through IRS.gov.

Taxpayers also should be aware of important tax credits such as the Earned Income Tax Credit (EITC), the Saver's Credit and the Child Tax Credit. Taxpayers must meet certain income limits for all three but tax credits such as these can significantly lower tax bills or increase refunds.

The IRS Web site, www.irs.gov, is the round-the-clock source of information. Taxpayers can go to [1040 Central](#) on IRS.gov to find the latest tax news, information about tax law changes, up-to-date publications and information about valuable tax credits.

The IRS also has issued an increasing number of warnings over the last few years about e-mail scams targeting individuals, businesses, exempt organizations and other taxpayers. The scams, popularly known as "phishing" scams, use phony e-mails that

falsely claim to come from the IRS. As a rule, the IRS does not send unsolicited e-mails to taxpayers. Taxpayers who receive an unsolicited e-mail communication claiming to be from the IRS can forward the message to phishing@irs.gov using instructions posted on IRS.gov.