

## TAXPAYERS MUST FILE SOON TO CLAIM \$2 BILLION IN 1996 REFUNDS

WASHINGTON -- The Internal Revenue Service estimates that nearly 1.6 million people who paid taxes but failed to file returns for 1996 risk losing about \$2 billion in refunds if they don't get their late returns to the IRS by April 15, 2000.

The law generally provides for refunds only if taxpayers file returns within three years of the filing deadline, said IRS Commissioner Charles O. Rossotti. We want people to get the refunds they deserve, but they have to file tax returns in order to claim them.

IRS researchers found that as of January 1999, these taxpayers still had not filed the returns that were due in 1997. Some may have filed them since then. If the returns aren't at the IRS by April 15, 2000, the taxpayers lose their right to the money. It is not enough for the returns to be mailed by then -- the law requires that the IRS receive the returns by that date in order to refund taxes withheld or paid during 1996.

If a taxpayer has not filed returns for 1997 or 1998, the IRS will hold any 1996 refund due until it also has returns for those years. The refund would be reduced by any amounts still owed for other years, as well as by unpaid child support or certain federal debts, such as student loans. There is no penalty for filing a late return qualifying for a refund, since the penalty would be based on any unpaid tax.

By not filing returns, people may lose more than refunds of taxes withheld or paid during 1996. Many eligible low-income workers may not have claimed the Earned Income Tax Credit (EITC). Although eligible taxpayers may get a refund when their EITC is more than their tax, those who file returns more than three years late would be able only to offset their tax. They would not be able to receive refunds if the credit exceeded their tax.

For 1996, workers could claim the EITC if their incomes were less than \$28,495 and they had two qualifying children, less than \$25,078 and they had one qualifying child, or less than \$9,500, if they had no child and were at least age 25 and under 65.

The IRS Web site at [www.irs.gov](http://www.irs.gov) has forms for prior years as well as the current tax year. Taxpayers may also request the forms by calling (toll-free) 1-800-TAX-FORM (1-800-829-3676). Those who need help preparing prior year returns or gathering income records may call the IRS at 1-800-829-1040. Taxpayers should request either forms or help by mid-March, to allow time for processing before the April deadline.

(more)

[ **EDITORS:** The following are IRS estimates, by state, of the numbers of taxpayers who have not filed for potential refunds for the 1996 tax year. ]

STATE	<i>Potential Nonfilers</i>	<i>Est. Refunds (000s)</i>			
			Alabama	23,600	\$22,796
			Alaska	7,800	\$9,542
			Arizona	29,900	\$32,075
			Arkansas	13,800	\$11,720
			California	174,800	\$417,587
			Colorado	26,600	\$31,302
			Connecticut	18,900	\$27,471
			Delaware	5,200	\$4,577
			District of Columbia	6,900	\$9,923
			Florida	103,800	\$156,665
			Georgia	57,600	\$53,076
			Hawaii	10,900	\$11,853
			Idaho	5,600	\$5,799
			Illinois	69,100	\$89,001
			Indiana	31,700	\$32,514
			Iowa	14,700	\$11,825
			Kansas	16,900	\$14,051
			Kentucky	15,800	\$17,311
			Louisiana	24,300	\$26,321
			Maine	5,000	\$9,208
			Maryland	32,900	\$35,136
			Massachusetts	36,400	\$61,423
			Michigan	65,900	\$75,168
			Minnesota	21,300	\$19,608
			Mississippi	12,500	\$11,999
			Missouri	30,300	\$28,384
			Montana	3,900	\$3,222
			Nebraska	7,700	\$7,869
			STATE	<i>Potential Nonfilers</i>	<i>Est. Refunds (000s)</i>
			Nevada	17,000	\$23,396
			New Hampshire	5,500	\$7,778
			New Jersey	52,800	\$74,264
			New Mexico	9,200	\$8,625
			New York	102,700	\$154,104
			North Carolina	44,200	\$39,507
			North Dakota	2,500	\$2,091
			Ohio	48,500	\$53,140
			Oklahoma	20,900	\$17,376
			Oregon	22,800	\$22,780
			Pennsylvania	50,300	\$67,205
			Rhode Island	5,100	\$5,307
			South Carolina	17,400	\$17,052
			South Dakota	2,900	\$2,361
			Tennessee	23,400	\$27,560
			Texas	119,100	\$141,570
			Utah	9,700	\$10,948