

Tax Minimizers of Oregon Inc.

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ClientAdvisor

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Know when to amend your tax return

You filed your tax return, you even received your refund check, but you discover a mistake on your return. What should you do? Before you decide if amending your return is the right course of action, here are some things to consider.

If you are due a refund

If correcting the error or omission will result in a substantial additional refund, usually your best option is to file an amended return. However, there are some caveats.

- Federal tax returns are typically subject to audit for three years after the original tax return due date, or the date the return was filed, whichever is later. If you file an amended return, the audit clock may change based on the amended return filing date and type of change requested.
- Amending a tax return could put a spotlight on you. You could get a visit from your local IRS examiner, especially for amended returns based on things like the Earned Income Tax Credit (EITC), small business income, and the Research Tax Credit for small businesses. Make sure you have the necessary records to substantiate your amended return.

- Amending one tax return may require you to amend others. Even a minor change may require you to make changes in other tax years. Ask yourself if it's worth the hassle.
- Making a change on your federal tax return may require you to file an amended state or local return, and that amendment may not necessarily work out in your favor.
- It can take as long as 1½ years for the IRS to review amended tax returns, though that is not typical.
- Timing is important. The deadline to file an amendment is generally the later of three years after the original return was filed, or two years after the tax for that year was paid.

If you owe additional taxes

If you discover errors on your tax return that will result in additional tax, you need to correct them and file an amendment along with the tax due.

If the IRS discovers your tax error before you, they will most likely add interest and penalty fees. So the sooner you file the amended return and pay the tax, the better.

While finding an error can be unsettling, rest assured the problem is fixable.♦

Everyday Advice

"The hardest thing in the world to understand is the income tax."

— Albert Einstein
Theoretical physicist

Contact Us

23345 SE Stark St.
Gresham, OR 97030
503-665-1040

3835 NE Hancock #101
Portland, OR 97212
503-281-0919

250 NW 6th
Redmond, OR 97756
541-923-1040
OBTP #B15756