

## WHY E-FILING MAKES SENSE

In 1991, fewer than 8 million returns were e-filed. That number rose to almost 40 million in 2001, which represented about 31% of all returns filed. The IRS has estimated that at least 96% of all paper returns are eligible for e-filing. Notably, e-filed returns are 99%+ accurate vs. 81% for paper returns.

Electronic filing, or e-filing, transmits a completed copy of your return to the IRS. H&R Block e-files more than 90 percent of the more than 21 million returns it prepares. Most commercial software packages like TaxCut, offer e-filing. Tax preparation firms like H&R Block also offer e-filing, even if they didn't prepare your return. Form 1040-EZ filers can file their returns over the phone.

### E-filing offers many advantages over traditional, paper return filing.

- 1. Time, postage, and paper.** You will not need to make extra copies of your return, wait in post office lines, or pay postage. Do make sure, however, that you have a printed copy of the return plus supporting documents for your records.
- 2. Faster refund.** On average, tax refunds on e-filed returns are received in less than two weeks. Refunds from paper returns can take as long as eight to twelve weeks.
- 3. Timely filing worries eliminated.** You will not have to wonder if the IRS received your return on time, or if it was received at all. Shortly after your return is successfully transmitted, you will receive a confirmation from the IRS that the return was accepted.

- 4. Faster notification of errors.** Suppose you file a paper return and accidentally transpose two digits of your child's social security number. The IRS treats the incorrect number as a math error. They will "correct" the error by removing your

child, and any related deduction or credit, from the return. Your refund or balance due will be adjusted accordingly. It may take weeks, or even months, to find out about the problem. Once you learn of the problem, you will need to file an amended return to show the correct SSN. If your refund was reduced, you have to wait even longer to receive that part of your refund.

If you e-file your return with the same mistake, the return is rejected by the IRS because of the mismatch of the name and SSN. Sounds terrible, but within 24 - 48 hours, you receive an electronic notice explaining the

problem. You can then resubmit the return with the corrected number. The delay is only a few days at most.

**Signing the return.** Verification of your identity is accomplished with either a special signature form or a personal identification number (PIN). Many e-filers who use a PIN do not have to send any paperwork to the IRS. Other filers will have to send the signature form (Form 8453) and other forms, schedules, and statements as required.

**// E-filing makes good tax sense. For taxpayers who e-file, refunds will be issued in half the time as when filing a paper return, and even faster if you choose direct deposit. Most refunds are issued within 3 weeks for electronic returns, 14 days if you choose direct deposit. A refund check could take as long as 6-8 weeks for filing a paper return and having the refund check mailed. //**

— Jackie Perlman,  
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**What about that refund?** When you e-file your return, you can request the usual IRS check by mail or provide information that will allow your refund to be electronically deposited into your checking or savings account. If you use a third-party filer, such as H&R Block, you can also choose between one or more quick refund options. Be sure to ask about fees that will be charged both for filing the return and the various refund options that are offered.

**What about a balance due?** You can authorize the IRS to debit your bank or checking account on April 15 for the amount of your balance due. Or, you can e-file your return

before April 15 and mail the IRS your payment by April 15. (There are other options available for paying your balance due including credit cards and Easy Pay offered through H&R Block. For more information, see “OWE UNCLE SAM? WHAT ARE YOUR OPTIONS WHEN YOU HAVE A BALANCE DUE” Tax Facts H&R Block.)

So, if you would like to save time, worry, and postage stamps, get a faster refund, and perhaps save a few trees along the way, consider e-filing your return next tax season.