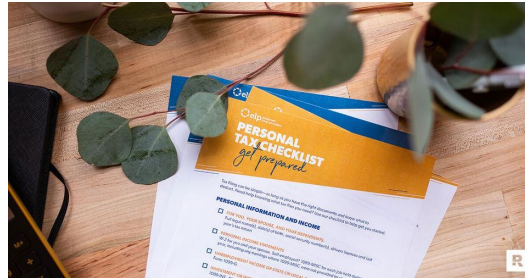




## TAXES

## 5 Benefits of Filing Your Taxes Early



Whether it's scrambling to finish that college term paper the night before it's due or running around the mall looking for Aunt Carol's present on Christmas Eve, we've all been guilty of procrastinating important tasks at some point.

But there's one thing we like putting off until the last minute more than anything else: Paying our taxes.

During the 2019 tax season, nearly 34 million taxpayers waited until the week before or the week of April 15 to file their tax returns. That's about the same number of tax returns filed in the entire month of March.<sup>1</sup> No wonder we're all stressed during tax season!

But with over 70% of taxpayers receiving an income tax refund each year of nearly \$2,800 on average, we can't think of a good reason you'd want to delay filing your taxes.<sup>2</sup>

And that's not the only benefit of early filing! Here are a few more reasons to get your act together early this tax season.

### 1. Early filers eliminate tax deadline stress.

According to a recent TaxSlayer survey, a majority of taxpayers (52%) are stressed over filing their taxes.<sup>3</sup> No shocker there! Any time you face an unpleasant task, it's best to get it out of the way as soon as possible. Income taxes are no different. You have to fill out the forms and you have to file them, so just grit your teeth and get it over with.

Give yourself a fake deadline—well ahead of the April deadline—to get your taxes taken care of. Once your return is filed, give yourself a small reward for being so efficient and responsible. Go to the movies. Or have a dance party in your living room. You've earned it! Then relax while everyone else stresses out about getting their taxes done on time.

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## 2. Early filers average larger refunds.

Now listen, a **tax refund is *not* free money**. Getting a large refund from the IRS just means you've been lending Uncle Sam *your* money (without interest) all year long—he's just returning what's already yours!

If you get a refund that's more than a few hundred dollars, you probably need to work with a tax advisor and your HR department to adjust your withholdings on your W-2 form. Watching those larger paychecks hit your bank account will make you feel like you got a raise!

That being said, if the government *does* owe you money this year, you want to make sure you're getting every dollar that's rightfully yours—and filing early can help you do that. IRS data shows that taxpayers who file by late February get significantly larger refunds than those who file later—around \$400 on average.<sup>4,5</sup>

Obviously, if you know you're getting a refund, you're more likely to file sooner, and that could be part of the reason early filers enjoy larger refunds. But another reason is that the sooner you start on your taxes, the more opportunity you have to make sure you're claiming all the tax deductions and tax credits you're eligible for, which takes more time and documentation than claiming the standard deduction.

## 3. Early filers can protect their refunds from identity thieves.

There you are, just wrapping up your tax return and about to file it in . . . but it's rejected. That's because a tax return using your Social Security number has already been filed, and your heart sinks into your stomach as you realize you're now a victim of **tax refund fraud**.

And it happens more often than you think. According to the Government Accountability Office (GAO), the IRS estimated that online tax fraudsters tried to steal at least \$12.2 *billion* through identity theft tax refund fraud in 2016. And while the IRS was able to thwart most of those robbery attempts, \$1.6 billion still ended up in the hands of these thieves.<sup>6</sup>

Filing early may not completely eliminate the threat of identity theft, but it can protect your refund. If thieves file a return using your Social Security number before you do, the IRS will kick out your return since their records show you've already been paid. It can take months to clear up the mess with the IRS and finally receive your refund.

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## 4. Early filers with a tax bill have time to make a plan.

When you're facing an income tax bill instead of a refund, it's natural to put off filing as long as possible. But if you go ahead and fill out your tax forms and file them, you'll know exactly how much you have to pay—and you won't have to pay in full until the April filing deadline.

The more time you have to come up with the money, the less likely you are to bust your budget or drain your emergency fund. So, don't spend the first part of the year with your head in the sand. Get the facts about what you owe, make your plan, and get that tax bill out of the way.

## 5. Early filers face less competition for access to their tax professional.

You may have found out the hard way that **it's tough to get on a good tax pro's schedule during crunch time**. In fact, if you haven't set an appointment with a pro by the middle of March, you may have to file an extension.

On top of that, some tax pros will charge more to complete your taxes as the filing deadline approaches. The best way to avoid all that hassle is to get an appointment with your advisor as soon as possible.

Sources:

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