

Tax Refunds Available for 3 Years

"I am proud to be paying taxes in the United States. The only thing is - I could be just as proud for half the money."

— Arthur Godfrey, entertainer (1903-1983)

Thousands of Tennesseans paid taxes for the year 2003 but never filed their tax return – and are due a refund. But -- there is a fast-approaching deadline of April 17, 2007 for filing your **2003** return and getting a refund.

Q. April 17? I thought that the tax filing deadline is April 15.

April 15 is still the standard tax return due date, but this year, taxpayers get 2 extra days. In 2007, April 15 falls on a Sunday. Normally, April 16 would be the tax return due date. But, years ago Congress passed a law that says that D.C. holidays have a nationwide impact. Recently, the City of the District of Columbia passed special legislation that made April 16 a holiday. The IRS found out about this new D.C. holiday after most tax forms were printed. Result: for 2007, your IRS tax return – including your claim for a refund for 2003 – is due on or before April 17, 2007.

Q. Wasn't April 15, 2004 the deadline for paying my 2003 taxes?

Yes – but you have three years to claim a federal tax refund. If you do not claim it within 3 years after the return was due, you lose your refund.

Last year the IRS announced that unclaimed refunds totaling more than \$2 billion nationwide were being held for about 1.7 million people who failed to file a federal income tax return for 2002. More than 27,300 of these persons live in Tennessee.

Q. What happens to my money if I don't file a return and claim my refund?

If no return is filed to claim the refund within three years, the money becomes property of the U.S. Treasury. For 2003 returns, the law requires that the return be properly addressed, postmarked and mailed by April 17, 2007. There is no penalty assessed by the IRS for filing a late return that qualifies for a refund.

Q. Is there any "fine print" I should know about?

Refunds due for 2003 will be held until taxpayers file their tax returns for 2004 and 2005. In addition, refunds will be applied to amounts still owed to the IRS and may be used to satisfy unpaid child support or past due federal debts such as student loans.

Individuals who don't file may lose more than refunds of taxes withheld or paid during 2003. Many low-income workers might not have claimed the Earned Income Tax Credit (EITC). Eligible taxpayers may get a refund when their EITC is more than what they owe in tax, but those who file returns more than 3 years late can only apply it toward the taxes they owe (if any). After 3 years, they would not be able to receive a refund if the credit exceeded their tax.

Q. How can I get tax forms for filing for previous years?

Current and prior year tax forms and instructions are available at IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676). Taxpayers who need help can also call the IRS at 1-800-829-1040.

The Legal Aid Society has a special Tennessee Taxpayer Project. We have tax attorneys who provide free legal help for taxpayers who cannot afford to hire an attorney with problems with federal tax matters involving less than \$50,000 in dispute. We can also provide legal help with tax liens and deficiency notices, and many other disputes with the IRS.

by Jim Hawkins, Managing Attorney,
Gallatin office, Legal Aid Society

Note: This column is not intended to take the place of legal advice. All cases are different and need individual attention. Consult with a private attorney of your choice to review the facts and law specific to your case.

The Legal Aid Society is a non-profit law firm, not a government agency, and all calls are strictly confidential. If you need more information on this or other common legal problems, please visit our Web site at www.las.org or call 1-800-238-1443.