

Why Your Tax Return Should be Prepared Early



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By Charles E. McCabe

As soon as you receive your W-2 forms and all other documents necessary to prepare your tax return, you should have your tax return prepared. If you're not sure what to bring to your appointment, call [Peoples Tax](#) at 804-204-1040. Even if it's before the January 31st date that IRS will accept individual tax returns, you should have your tax return prepared and ready to be filed. The following are seven ways you might benefit by having your tax return prepared as early as possible.

Get your tax refund faster. Obviously if the IRS owes you money, you should get it as soon as possible. If your return is prepared early, it will be among the first returns to be e-filed on January 31st and you will be among the first people to receive your refund.

Budget your tax liability if you will owe IRS. Even if you expect to owe the IRS, you have the option of filing early and waiting until the April 16th tax filing deadline to pay what you owe. Knowing what you will owe will give you more time to budget for that expense. You will also have the option of arranging an installment payment plan by April 16th.

Avoid the last minute rush. If you file early, you won't have to wait for an appointment with your tax preparer. Your tax preparer will also be able to spend more time with you when he/she is not swamped with clients.

Use your tax refund to fund an IRA. You and/or your spouse can increase your tax refund by deducting a contribution made to a traditional Individual Retirement Account (IRA). The IRA contribution does not have to be funded until your tax filing deadline (April 16th for most people). Assuming your Federal and Virginia marginal tax rate is typical at 30.75% (25% Federal and 5.75% VA), every \$1,000 you invest in an IRA would increase your refund by \$307.50. Therefore, it would cost you only \$692.50 for every \$1,000 you save for retirement. By filing early, you will be able to use your increased refund to fund your IRA contribution on or before April 16th.

Having your tax return may help in getting financing. Banks and other lenders, especially small business lenders, often require current tax returns to be submitted with loan applications. If you have children applying for college financial aid, your tax return information may be required for the college Free Application for Federal Student Aid that can be filed online at [FAFSA-Application.com](#)

Reduce the possibility of errors. Preparing your return early will provide you and your preparer with adequate time to review the return before filing, without feeling rushed. A careful review will reduce the possibility of errors or omissions. At Peoples Tax all returns are checked by a tax preparer other than the one who prepared the return, regardless of how knowledgeable the preparer may be, anyone can make a mistake. This policy greatly reduces the possibility of errors.

Minimize your risk of identity theft. By filing early, you will provide less time for someone to file a false tax return to obtain a refund using your identity.

For help with tax preparation or tax planning, check out the Blog and Resources pages at www.peoplestax.com, call Peoples Tax at 804-204-1040, or email info@peoplestax.com.

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About the Author

Charles E. ("Chuck") McCabe, a 40+ year veteran tax industry executive, has managed hundreds of tax preparation offices. Chuck earned his B.S. degree (Summa cum Laude) in management and Social Sciences from Adelphi University, an Executive M.B.A. degree from Pace University, and is a graduate of Leadership Metro Richmond. Chuck is founder and CEO of Peoples Income Tax, Inc. and The Income Tax School, Inc. He is a national speaker, teacher and author on small business and tax practice management, and has taught courses at Hofstra University and Virginia Commonwealth University. Chuck was included for multiple years in the Accounting Today "Top 100 Most Influential People in Accounting." He served on the Boards of the Greater Richmond Chamber of Commerce and the Better Business Bureau of Central Virginia, including a term as Chairman of the BBB Board of Directors. He also served on the University of Richmond School of Professional and Continuing Education Dean's Advisory Board. He was named by the Small Business Administration as the 1991 Small Business Advocate of the Year. Chuck is also the Founding Chairman of the Virginia Council of CEOs and has served as a volunteer for numerous charitable organizations including Communities in Schools, Junior Achievement and Commonwealth Catholic Charities, where he received the Samuel H. Dibert 2004 Community Service Award. Chuck is Co-author of two published books, *Back to School: The College Guide for Adults* and *New Horizons: The Education and Career Planning Guide for Adults*, and author of the *Guide to Start and Grow Your Successful Tax Business*. Chuck can be contacted at cmccabe@peoplestax.com or 804-204-1040.

About Peoples Income Tax

Peoples Income Tax was founded in 1987 by Chuck McCabe, and has served thousands of Richmond area taxpayers during the past 3 decades. Peoples also provides tax, bookkeeping and payroll services for small businesses. Peoples' sister company, The Income Tax School (ITS) is an IRS-Approved provider of Continuing Education for tax professionals. As the National Standard for Tax Preparer Training, ITS offers [online tax courses and CE seminars](#). ITS also offers tools to help independent tax business owners become successful, including [Tax Practice Management Manuals](#) and the book authored by Chuck McCabe, [Guide to Start and Grow Your Successful Tax Business](#). For more information, please visit TheIncomeTaxSchool.com, peoplestax.com, or call 804-204-1040.