

Tax Notes

Now is the Time to Get Your Tax Documents to Us

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While it's no surprise that numerous challenges are affecting this year's tax filing season for individual and trust returns, we're experiencing a significant delay in receiving tax documentation from our clients. With time running out, **if you haven't yet furnished us with your tax documents, you should expect that we will need to file an extension.**

We have all read the headlines, heard rumors and listened to accountants warning us to expect to file extension requests this year. The common reaction is "that is what you say every year," but this year, it may be true. **We are not crying wolf.**

In addition to delays in receiving tax documentation, here are some of the other challenges our tax specialists are seeing.

- Challenges facing financial institutions have resulted in late dissemination of taxpayers' originally filed or amended Form 1099s.
- Taxpayers are receiving K-1s later than usual due to new pass-through entity taxes enacted by many states and new Schedules K-2 and K-3 which are both extremely complex. This has resulted in a delay in receiving K-1s.
- Substantial backlogs within the IRS have made it increasingly difficult to resolve previous years' issues. The IRS has only recently reassigned and hired agents to deal with these challenges, thus practical assistance is not readily available for the current tax season.
- Understandably, many taxpayers are confused about when 2021 returns are due given the multiple deadline extensions over the past two years. As a result, the submission of documentation by clients continues to be significantly delayed.
- The federal tax filing deadline for returns or extensions is Monday, April 18, 2022 (April 19th in Maine and Massachusetts due to Patriots' Day).

Please keep in mind that an extension request is only an extension of time for filing, not payment. Tax due, if any, must be calculated and paid by the due date to avoid significant penalties. In order to calculate an estimate of tax due with an extension, it is imperative that we receive as much tax documentation as possible.

What Actions You Need to Take Now

- Connect with your accountant as soon as possible if you haven't done so already.
- Be thorough in providing all the necessary information.
- If you are sending information electronically, be sure to send it securely using our secure portal or another secure method of your choice.
- When scanning documents, it is important to check that the quality of your scanned documents is good. Please avoid pictures of documents, whenever possible.

- Be prepared for an automatic extension that might have to be filed on your behalf.

Contact Us

The tax specialists at PKF O'Connor Davies are continuously monitoring tax developments from the federal and state governments. Contact your client relationship manager or:

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