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refund checks can cause hardship, particularly if those awaiting the refund already made plans for use of the funds.

Isaac M. O'Bannon • Feb. 28, 2013

The term “Sequester” doesn’t have the same effect as the “Fiscal Cliff” did, but it could have a variety of effects on government workers, contractors, members of the U.S. military and... everyday taxpayers.

Although the looming budget cuts would be gradually implemented starting on Friday, March 1st, this could affect how quickly the Internal Revenue Service is able to send out income tax refund checks. This is just one more potential disruption of a taxseason that has already been trying for taxpayers, tax professionals and the IRS, because of the Fiscal Cliff deal, which delayed when the IRS could start accepting returns.

In total, the Sequester budget cuts to federal spending would be about \$85 billion. The deal was struck last year between the Obama Administration, Senate Democrats and House Republicans, with the intent that it would be a poison pill that neither would accept. Congress passed the bill because it allowed the government to temporarily “kick the can” of the budget a few months into the future.

With the Sequester having dramatic cuts to defense and security spending that GOP lawmakers wouldn’t allow, and cuts to domestic spending and social programs that Democratic lawmakers would also reject, it was anticipated that it would force both sides to work together.

The automatic cuts are scheduled to automatically start on Friday, and thus far, neither side is backing down. The Congressional Budget Office has stated that the

cuts, when fully implemented, could end up costing around 800,000 jobs, which

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made plans for use of the funds.

The Sequester's effects on the tax agency could result in furloughs or reduced work hours for clerical workers, auditors and those who manage and process paper-based income tax forms. That's one more reason for taxpayers to use electronic filing, or e-filing, whether preparing themselves or using a professional tax expert such as a CPA or EA.

Regardless of how a taxpayer prepares their individual incomes taxes, filing as early as possible is the key to receiving a potential refund more quickly. The same is true with the potential effects of the Sequester.

The gradual nature of the cuts will mean those filing later, and those filing extensions, would be more likely to face longer delays if a new overall resolution is not agreed upon by Congress and the White House.

Even without the pending Sequester cuts and potential IRS furloughs, the late start to tax season because of the Fiscal Cliff has meant that the agency is already significantly behind where it was last year by this point in the tax season.

According to the Treasury Department, which oversees the IRS, tax refunds to date are \$15.7 billion dollars lower than this time last year.

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