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Mar. 31, 2021

Form 1040-X (Rev. January 2020)		Department of the Treasury—Internal Revenue Service Amended U.S. Individual Income Tax Return ▶ Go to www.irs.gov/Form1040X for instructions and the latest information.		OMB No. 1545-0074
This return is for calendar year <input type="checkbox"/> 2019 <input type="checkbox"/> 2018 <input type="checkbox"/> 2017 <input type="checkbox"/> 2016 Other year. Enter one: calendar year or fiscal year (month and year ended):				
Your first name and middle initial		Last name		Your social security number
If joint return, spouse's first name and middle initial		Last name		Spouse's social security number
Current home address (number and street). If you have a P.O. box, see instructions.			Apt. no.	Your phone number
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below. See instructions.				
Foreign country name		Foreign province/state/county		Foreign postal code
Amended return filing status. You must check one box even if you are not changing your filing status. Caution: In general, you can't change your filing status from a joint return to separate returns after the due date. <input type="checkbox"/> Single <input type="checkbox"/> Married filing jointly <input type="checkbox"/> Married filing separately (MFS) <input type="checkbox"/> Qualifying widow(er) (QW) <input type="checkbox"/> Head of household (HOH) If you checked the MFS box, enter the name of spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent. ▶			<input type="checkbox"/> Full-year health care coverage (or, for amended 2018 returns only, exempt). If amending a 2019 return, leave blank. See instructions.	
Use Part III on the back to explain any changes			A. Original amount reported or as previously adjusted (see instructions)	B. Net change—amount of increase or (decrease)—explain in Part III
Income and Deductions 1 Adjusted gross income. If a net operating loss (NOL) carryback is included, check here ▶ <input type="checkbox"/>			1	
2 Itemized deductions or standard deduction			2	
3 Subtract line 2 from line 1			3	

Now that the American Rescue Plan Act (ARPA) has provided a wide range of tax breaks to individual taxpayers, some of them retroactively, tax practitioners are being inundated by questions from clients. Case in point: Should a taxpayer file an amended return if they have already filed a 2020 return with the IRS?

Of course, there may be extenuating circumstances, but the short answer, in a word. Is “no.” The IRS is strongly urging taxpayers to not file amended returns related to the new provisions in ARPA or take other unnecessary steps at this time.

ARPA is designed to provide relief to beleaguered taxpayers coping with the effects of

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- Enhancements to the Child Tax Credit (CTC) for 2021, including an increase in the maximum CTC to \$3,000 (\$3,600 for a child under age six), making the credit fully refundable and authorizing advance payments beginning in July.
- A 100% subsidy allowing ex-employees to continue health insurance coverage through September 30, 2021, without any resulting tax liability. Employers may recover the costs through a tax credit.
- An expansion of the premium tax credit for health insurance premiums as allowed under the Affordable Care Act (ACA). The new law includes various provisions taking effect in 2020 through 2022.

The IRS has promised that it soon will provide additional guidance on ARPA changes that could affect 2020 returns of taxpayers. For the time being, it has already offered insights into the tax exemption for the first \$10,200 of unemployment benefits received in 2020. Notably, for taxpayers that haven't filed their 2020 returns yet, the IRS says it will provide a worksheet for paper filers and will work with software industry to update current tax software to determine how to report unemployment income on 2020 tax returns.

For those who received unemployment benefits last year and have already filed their 2020 tax returns, the IRS has emphasized that they should not file an amended return at this time, until it issues additional guidance.

Other issues, such as the methodology for handling the advance payments of the CTC, will also be addressed.

Final thoughts: Filing an amended 2020 return may result in unwanted complications. This is clearly a time when it pays to “wait and see” what happens next. We will keep you posted.

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