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## What to do about Tax Refund No-shows

California withheld its tax refunds for 30 days starting February 1 for the first time in their history because of the state's cash flow problems. The state is facing a massive \$42 billion deficit and a general fund at zero level for the past more than 17 months. The state government has been paying its bills using loans from Wall Street and other special internal funds.

California residents checking online for the status of their refund are greeted with the depressing message that says, "Your refund cannot be issued at this time. Due to the state's persistent cash flow problems, the State Controller has directed (this agency) to stop sending refund requests to the State Controller's office for processing."

The budget crisis in Kansas has also had the same effect, with the state government there delaying sending out refund checks. Democratic Governor Kathleen Sebelius went head-to-head with the Republican majority legislative assembly. The lawmakers passed a \$300 million budget cut which Sebelius refused to sign while her own proposal for a \$225 million loan from a government agency to pay tax refunds was opposed by the legislature. Finally, the two parties came to a consensus resulting in refund checks being processed again.

In New York, state officials insisted that there is enough money in the coffers to pay out refunds, but taxpayers have been waiting an unusually long time to receive their money. Across the country, 46 out of 50 states are facing budget crises, according to the Center on Budget and Policy Priorities.

Is there anything that taxpayers can do about the delays in receiving their dues? Thankfully, there is although there are not many things that can be done.

The law in California states that state government is liable to pay you interest payments on delayed tax refunds but only after 45 days have elapsed from the deadline to file taxes which was April 15. You could check up on what the law states for your particular state. Once the grace period has passed, you have the right to claim for interests.

But logically, if the state government has difficulties paying your tax refunds, you would anticipate that they would find it equally difficult to pay you any interest charges.

Here's the second thing you could do, and this step is far more effective. Essentially, you could make sure you do not overpay Uncle Sam at all in the first place. You can easily do this by

adjusting the withholding tax amount on your paycheck. You should only allow withholding up to the appropriate amount based on your wages. Strangely, many people do not take the trouble to take this one simple step.

BankRate.com found that the average tax refund check was \$2,700 which means each taxpayer was overpaying the government an average of \$225 in taxes every month. You have the responsibility to ensure you pay the correct amount. You can use the IRS' web-based withholding payment calculator to derive this. Taking this simple step will preclude the heartache of a long wait for your refund check.

Darrin T. Mish is a veteran, nationally recognized tax attorney who has focused on providing IRS help to taxpayers for over a decade. He regularly travels the country training other attorneys, CPAs and enrolled agents on how to handle their toughest cases with the IRS. He is highly ranked among the top attorneys in the country, with an AV rating from Martindale-Hubbell and a perfect 10 on Avvo.com. Martindale-Hubbell has also honored him with a listing in their Bar Register of Preeminent Lawyers. He is a member of the American Society of IRS Problem Solvers and the Tax Freedom Institute. With clients on every continent but Antarctica, he has what it takes to solve your IRS problems no matter where you live in the world. If you would like more information about his practice and how he can help you, please call his office at (813) 229-7100 or toll free at 1-888-GET-MISH.