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Tax Refund Delay Leads To Overdue Bills For Poorest Americans

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Bobbie Fulton cannot wait to do her taxes. But thanks to Congress's [prolonged fight over the fiscal cliff](#) she won't be able to file her return until next Wednesday, nearly two weeks later than in past years. And that means all her bills will have to hold for now.

"I have a lot of bills I expected to pay and the longer I push it back, the more money it costs me," Fulton, a 52-year-old resident of Belmont, Calif., said.

This year, all taxpayers will have to wait a little longer to electronically file their taxes and get their refunds. The delay is a direct result of Congress's failure to come to a timely deal to avert the fiscal cliff in December. When a tax deal was finally reached on Jan. 1 -- after the end-of-the-year deadline -- it was too late for the Internal Revenue Service to meet its standard mid-January start date for e-filers.

[According to the agency](#), it needed additional time to update forms affected by the new laws passed under the fiscal cliff deal. Earlier this month, IRS Acting Commissioner Steven T. Miller said Jan. 30 was the soonest the agency would be able to accept electronic returns.

The filing delay could create a cascade of consequences for low-income Americans who depend on the annual lump sum of their tax refunds. A late refund means late payments, late rent, extra fees, dings on credit and at the very least, a longer wait for necessary purchases.

"When they depend on it like clockwork, it's not only an inconvenience and it could be harmful," said Sandra Chapin, director of Samaritan House, a nonprofit aimed at preventing homelessness in San Mateo County, Calif., that also provides free income tax preparation for low-income individuals.

Of the 143 million tax returns filed in 2010, nearly half were from filers who earned less than \$30,000, [according to data from the Tax Foundation](#), a conservative-leaning tax policy group based in Washington, D.C. The majority of those returns are typically filed before Feb. 15.

William Gale, a tax expert with the Tax Policy Center, a nonpartisan tax research group, said tax refunds are the largest single payment many low-income taxpayers receive in a year. "Many households have planned in advance how to use those funds and a delay in the timing of the refund could significantly and adversely affect their economic situation," Gale said.

Fulton's \$141 car registration is just one of several bills she is waiting to pay. The payment date for that bill is Jan. 28, two full days before she can even file her income tax return this year. Without the money to pay the bill, Fulton may accrue an additional late-fee penalty, but she she will also have to drive with expired registration until her refund arrives in mid to late February and she can pay the bill. "I can get arrested if [the DMV doesn't] give me an extension," Fulton worried.

Fulton, like many low-income taxpayers, said she files tax her return as soon as she is able to submit it. The IRS processes returns using a first in, first out system. That means the sooner taxpayers file, the sooner they receive refunds. This year, Fulton expects to receive around \$1,000 total back in federal and state refunds for her 2012 return; her income last year was \$11,000.

Frank Fasano, 53, of San Carlos, Calif., is also waiting for his refund to make repairs on his truck. Getting the vehicle in order will help the construction worker, who specializes in flooring, find more work. Last year, he made just \$13,000 in gross income.

Although most of Fasano's refund this year will go to fix the motor of his truck, he said in the past his tax refund has gone to pay for other essentials like groceries and new clothes, or a bus ticket to visit his granddaughter. But this year the long wait for the refund just means eking it out check to check.

"I just nickel-and-dime it and will tough it out," he said.

Is the tax refund delay costing you extra in late bills or other payments? Please share your comments or email business-tips@huffingtonpost.com.