

# Did You Overpay Your Taxes?

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## **Home-Based Businesses Overpay to the Tune of Billions of Dollars Each Year**

April 15th may be gone but certainly not forgotten — especially if you, like millions of home-based business owners, unknowingly overpaid your federal taxes and can recover money by filing an amended return. With the rush to file by the deadline, you probably have not considered the possibility that you have overpaid. According to the General Accounting Office, in 1998 alone, there was \$311 million paid unnecessarily to the IRS. Do not count on the IRS to tell you if you have overpaid because they are not required to, but you can file an amended return for up to three years.

Chances are, you either prepare your business taxes yourself or have your tax preparer or CPA do them. There are a number of issues surrounding either tax preparation method, which can result in your tax liability being calculated as higher than it actually is, including missed deductions and just plain being given incorrect advice.

### **Commonly Missed Deductions**

As a home-based business professional, there are a number of deductions you are entitled to. Some of the top most commonly missed deductions include the following: Deducting expenses for the percentage of square footage your home office is occupying. Expenses include the combined total of mortgage interest, property taxes, utilities, repairs, etc. The personal assets one uses to get the business started. The fair market value of these converted assets can be a business deduction starting with the date of conversion.

As of the 2002 tax year, those who are self-employed are entitled to deduct 70% of their health insurance premiums. Although some of these deductions may seem minor, over an entire year, they can add up to thousands of dollars. Karen McClafflin, owner of home-based Secret Canyon Realty in Colorado Springs, CO, was able to recover \$11,000 when her tax preparer failed to include home office and automobile deductions in her past returns.

### **Being Given Incorrect Advice**

Another area, which causes many business owners to overpay, is being given incorrect advice by their CPA, tax preparer, or even the IRS directly. In a poll performed by Money Magazine, the average tax preparer prepares an average of 480 returns between February 1st and April 15th. This is a lot of returns in a relatively short amount of time, which makes it difficult for your return to get the time and attention it deserves. This same poll also found there was an average discrepancy of 300% between what the tax preparers said was due and what was actually due.

This problem does not extend to just tax preparers or CPA's. According to a just released audit by the Treasury Department's Inspector General for Tax Administration, IRS tax counselors provided erroneous information for 19 of the 23 returns presented by undercover auditors, for an unsettling error rate of 83 percent. Whether you do your taxes yourself and had to call the IRS for clarification on an issue or your CPA did, odds are, the answer was not accurate. The United States tax law is one of the most complex in the world, and tax laws change every year. Even the best tax preparer, CPA, or IRS representative can easily make a mistake, but that mistake could cost you.

According to the IRS tax code, you have three years from the filing date for the tax year in question to file an amended return. For example, if returns for the 2003 tax year were filed on March 1, 2004, the taxpayer has until March 1, 2007 to file an amended return. Businesses must get a second opinion, whether it is done before or after the return is filed, to ensure they are not overpaying or

simply to ensure their returns are accurate in all aspects. If not, they could be leaving thousands of dollars on the table. Darren Oliver has more than 18 years of experience in the "Revenue Recovery" business and is an Executive Consultant with AmCorp Management. Through their network of affiliates and Business Strategists, AmCorp Management is dedicated to recovering overpaid expenses for all businesses throughout the U.S. and Canada. For more information, visit [www.amcorpmanagement.com](http://www.amcorpmanagement.com) or call 1-888-585-2318.

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**About the Author, Darren B. Oliver:** Mr. Oliver has appeared on *Bloomberg TV* and *Business Briefs* with Walter Cronkite. His businesses and articles have been written up in *The Wall Street Journal*, *USA Today*, *Success*, *Entrepreneur*, *Money* and other national publications. In 2002, Mr. Oliver received the honor of being named *Colorado Business Man of the Year*. Thousands of clients have benefited from this information, get his new book "**Who's In Your Pocket**", available online now at <http://whosinyourpocket.net> and in book stores Fall 2007.

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