

Extending Your Individual Income Tax Return



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April 15 is the annual deadline for most people to file their federal income tax return and pay any taxes owed. By law, the IRS may assess penalties for both failing to file a tax return and for failing to pay taxes owed by the deadline.

Tax-filing extensions are available to taxpayers who need more time to finish their returns. If you cannot file your federal income tax return by the April 15 filing deadline, you can request an automatic six-month extension using Form 4868, *Application For Automatic Extension of Time To File U.S. Individual Tax Return*.

Filing this form gives you until October 15 to file your return. To get the extension, you must estimate your tax liability and pay any amount due. Remember, this is an extension of time only to file your return, not an extension of time to pay tax. All tax is due April 15. However, taxpayers who are having trouble paying what they owe may qualify for payment plans and other relief. Either way, you can avoid stiff penalties if you file either a regular income tax return or a request for a tax-filing extension by the April 15 deadline. You should always file a return (or extension), even if you cannot pay the full amount due because there is a penalty for not timely filing a return.

When to file extension. You must request the automatic extension by the due date (April 15) for your return. You can then file your return any time before the 6-month extension period (October 15) ends. When you later file your return, any payment made with your extension is applied against your total tax.

Penalties

The law provides penalties for failures to file returns or pay taxes by the due date.

Filing return late. If you do not file your return by the due date, you may have to pay a failure-to-file penalty. However, by properly filing an extension, you will avoid this penalty.

Paying tax late. If you are not able to pay the tax you owe by April 15, the balance due is subject to interest and penalty. A failure-to-pay penalty applies for each month, or portion of a month, after the due date that the tax is not paid.

Any payment with an extension request will reduce or eliminate interest and late-payment penalties that apply to payments made after April 15.

Important points about penalties for filing or paying late:

- A failure-to-file penalty may apply if you did not file by the tax filing deadline.
- A failure-to-pay penalty may apply if you did not pay all of the taxes you owe by the tax filing deadline.
- The failure-to-file penalty is generally more than the failure-to-pay penalty. You should file your tax return on time each year, or file an extension, even if you are not able to pay all the taxes you owe by the due date. You can reduce additional interest and penalties by paying as much as you can with your tax return. You should explore other payment options such as getting a loan or making an installment agreement to make payments.
- The penalty for filing late is normally 5% of the unpaid tax for each month or part of a month that a tax return is late. That penalty starts accruing the day after the tax filing due date and will not exceed 25% of your unpaid taxes.

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