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Tips on Filing
Your Tax Return

advise

inform

Deadline for Filing Your Return

Generally, individual tax returns are due on the 15th day of the fourth month after the close of your tax year. Since virtually all individual taxpayers file on a calendar year, the due date for most individual taxpayers is April 15. That is the due date for both filing your return and paying any balance-due taxes. If the April 15 due date falls on a Saturday, Sunday or legal holiday, the due date is delayed until the next business day. Most states have the same due date, although some give additional time.

U.S. citizen and U.S. resident taxpayers who are out of the country on the April due date may qualify for an automatic two-month extension to file their return and pay any federal income tax that is due. This applies if they are living outside of the United States and Puerto Rico and their main place of business or post of duty is outside the United States and Puerto Rico, or they are in military or naval service on duty outside the United States and Puerto Rico.

The deadlines for filing and paying, if there is a tax due, is extended for 180 days after the latter of the last day a military taxpayer was in a combat zone/qualified hazardous duty area, or the last day of any continuous qualified hospitalization for injury from service in the combat zone/qualified hazardous duty area. In addition to the 180 days, the deadline is also extended by the number of days that were left for the individual to take action with the IRS when they entered a combat zone/qualified hazardous duty area.

Proof of Filing

If a paper return is being filed, it is considered filed on time if it is properly addressed, has sufficient postage and is postmarked by the due date. It may be appropriate to obtain a proof of mailing if there is a balance due on the return, since both the late filing penalty and the late payment penalty are based on the amount of the balance due. This is especially important if the amount of balance due is sizable and the returns are mailed close to the due date. If the return is sent by registered mail, the date of the registration is the postmark date. The registration is evidence that the return was delivered. If sent by certified mail and the receipt is postmarked by a postal employee, the date on the receipt is the postmark date. The postmarked certified mail receipt is evidence that the return was delivered. Note: A private postage meter date is not considered to be valid proof of mailing.

In addition to filing returns with the U.S. Postal Service, the IRS has designated several private delivery services that taxpayers can use to send their returns to the IRS. The postmark date for these services is generally the date the private delivery service records the date in its database or marks on the mailing label. The private delivery service will explain how to get written proof of this date.

Reasons for an Extension

There are valid reasons for not filing a tax return on time, and there is no stigma associated with doing so. The following are typical reasons that taxpayers file an extension:

- Waiting for a K-1 Distribution Form from a partnership or estate.
- Need additional time to fund certain self-employed retirement plans.
- Taxpayer suffered a casualty and the tax documents were lost.
- Taxpayer or spouse is ill.
- Taxpayer or spouse is deceased.

These are by no means the only valid reasons for an extension, but are shown as examples.

If You Need Additional Time

If you need additional time to file your return, the IRS provides an extension. CAUTION: It is important to note that this is an extension of time to file your return, not an extension to pay your tax liability. Even if you file for an extension of time to file, interest and late payment penalties (discussed later) will apply to any balance due on the return from the original April due date.

Automatic Six-Month Extension – This extension gives you until October 16 to file your return. If you expect to owe, estimate how much and include an extension payment. If you owe taxes when you do file your extended tax return, you will be liable for both the late payment penalty and interest from the due date.

It is not a good idea to delay filing your return because you owe taxes. The late filing penalty is 5% per month (maximum 25%) and can be substantial. It is generally better practice to file the return without payment and avoid the late filing penalty. We can also establish an installment agreement which allows you to pay your taxes over a period of up to 60 months.

Interest on the Balance Due

An extension does not extend the time taxpayers have to pay their tax liability. Therefore, if money is owed on a return that is filed after the original April due date, the taxpayer will be liable for interest on any unpaid balance. The interest charge continues to run until the tax is paid. Even if there is a good reason for not paying on time, the interest will still be assessed. The extension request includes the ability to make a payment toward the estimated tax liability.

Late Penalties

In addition to interest, a taxpayer can also be liable for a late filing penalty and a late payment penalty. Having a valid extension will avoid the late filing penalty, but not the late payment penalty.

Late Filing Penalty – A penalty is usually charged if the tax return is filed after the due date and the taxpayer has not filed a valid extension or the extension due date has passed. The penalty is 5% of the balance-due tax for each month (or part of a month) the return is late.

- Maximum Penalty – The maximum penalty imposed is 25%.
- Minimum Penalty – If your return is more than 60 days late, the minimum penalty is $100 or the balance of the tax due on your return, whichever is smaller.

  This penalty can be avoided by filing an extension and then filing the return by the extended due date.

Late Payment Penalty – The penalty is generally 1/2% of the balance-due tax not paid by the regular due date. It is charged for each month or part of a month the tax is unpaid. The maximum penalty is 25%. Taxpayers are considered to have "reasonable cause" for the period covered by an automatic extension if at least 90% of their actual tax liability is paid before the regular due date of their return through withholding or estimated tax payments, or with the automatic extension.

Reasonable Cause – The IRS will not assess the late filing penalty or late payment penalty if you can show reasonable cause for not paying on time. To demonstrate reasonable cause, a taxpayer must show they used ordinary business care and prudence in preparing and filing their returns and nevertheless were unable to meet the due date.