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With only a few hours to go before the April 15 deadline to file income tax returns, some who got a late start or need more time may contemplate filing a six-month extension.

“What’s critical to know is that filing an extension does not give you more time to

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need more time to get their paperwork in order to provide to the IRS.

- For those who may be dealing with personal issues, having trouble obtaining receipts for deductions or just need more time just to get every part of their return completed, a six-month filing extension is available by submitting Form 4868, “Application for Automatic Extension of Time to File U.S. Income Tax Return.”
- The form provides a six-month filing extension to October 15, but it must be filed by April 15 to avoid late filing fees and possible penalties.
- It’s not necessary to explain why an extension is needed when filing Form 4868, the extension
- is automatic.
- The form, which can be downloaded for free from the IRS by clicking [here](#), provides additional
- instructions on getting a filing extension, completing each part and details on where and when to file.
- For the current 2014 tax return only: The IRS has created an exception to the late filing penalty to the extent that the penalty relates to taxpayers who received an incorrect Form 1095-A from the federal health insurance exchange. Those taxpayers have until October 15, the normal extension date, to file their tax returns, but they still should file the Form 4868 extension by April 15.

**Options If Needing More Time to Pay:** If the issue isn’t about the documentation, but has to do with the inability to pay, then filing for an extension is not the best alternative. Instead:

- The IRS recommends filing your tax return on time and making a payment for as much as you can by check, credit/debit card or through an electronic funds transfer (EFT) from a bank account.
- The IRS will acknowledge the payment and send a bill for the balance due. Options such as an Online Payment Agreement (OPA) and other payment plans are

available for taxpayers who qualify by visiting [irs.gov](https://irs.gov) and clicking on the

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- Another option besides using a credit card is to secure a bank loan, such as a home equity loan, or cash out a retirement account. While going into debt to pay off a debt may not seem the best option, the interest rate and fees assessed by a bank or credit card issuer may be lower than the interest and penalties assessed by the IRS. Credit card payments must be made electronically, through personal tax software, a paid tax preparer or through credit card service payment providers.

### **Enter into an installment agreement with the IRS**

- The IRS is required to accept installment payments if a taxpayer has a good filing and payment record over the past five years, the amount owed is not more than \$10,000 and it can be paid off in full within three years.
- Small businesses may enter into “streamlined” installment agreements if their debt is below \$25,000 and they agree to pay it off in 24 months. This option is available to small businesses that file as an individual or as a business.

**Reach an offer in compromise with the IRS:** In some instances, the IRS may accept less than the full amount due. This typically occurs if the taxpayer can show that the full tax debt could never be collected or they have a dispute with the IRS as to how much is owed, but neither party wants to enter into a legal battle to resolve the issue.

- Taxpayers with incomes of up to \$100,000 (up from \$50,000) and who have a tax debt below \$50,000 (up from \$25,000) are eligible for a streamlined offer in compromise process from the IRS.

“The worst thing you can do is ignore your tax liability,” Luscombe added.

“Although some taxpayers may be feeling a lot of pressure to make the deadline, the IRS is willing to work with those who come forward and make arrangements with their professional tax preparer or on their own.”

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