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their head buried in the sand? For most Americans who are owed a tax refund by the IRS, there's no need to panic. The tax agency doesn't assess penalties when a ...

Apr. 15, 2015

A close-up photograph of a U.S. Individual Income Tax Return (Form 1040) from the Department of the Treasury—Internal Revenue Service. The form is for the year Jan. 1–Dec. 31, 2013, or other tax year. A large, bold, red 'DUE' stamp is prominently placed over the center of the form. Above the stamp, the date 'April 15' is circled in red. The form includes sections for 'Label', 'Filing Status', 'Exemptions', 'Income', and 'Dependents'. The 'Filing Status' section has checkboxes for 'Single', 'Married filing jointly', 'Married filing separately', 'Head of household', and 'Qualifying widow(er)'. The 'Exemptions' section has checkboxes for 'Yourself', 'Spouse', and 'Dependents'. The 'Income' section has checkboxes for 'Ordinary dividends', 'Qualified dividends', 'Taxable refunds, credits, or offsets of state and local income taxes', and 'Alimony received'. The 'Dependents' section has checkboxes for 'Child', 'Grandchild', 'Nephew or niece', 'Other relative', and 'Other person'. The form also includes a section for 'Boxes checked on 6a and 6b' and a section for 'Add number lines above'.

Even though April 15 is over, many Americans may still be haunted by the IRS deadline to file taxes or request an extension: Those who missed the filing deadline.

So, what can a taxpayer do if they didn't file in time, but they also don't want to keep their head buried in the sand?

For most Americans who are owed a tax refund by the IRS, there's no need to panic.

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For taxpayers who do owe Uncle Sam taxes this year and didn't file or get an extension before April 15, the best advice is to file your federal 1040 and state returns as soon as possible, even if unable to pay the tax bill right away. This is because the late-filing penalty can be up to 10 times higher than the late-payment penalty. So the longer you wait, the worse it gets.

### **The Penalties for Filing Late**

- There is no penalty if you're getting a refund, provided you file within the allotted 3-year time-frame.
  - After 3 years, the "penalty" is forfeiture of your tax refund, as mentioned above.
- There is no penalty if you filed an extension and paid any additional taxes owed by April 15, as long as you file your return by the October 15 deadline.
- A late filing penalty applies if you owe taxes and didn't file your return or extension by April 15.
  - This penalty also applies if you owe taxes, filed an extension, but didn't file your return by October 15.
  - The late filing penalty is 5% of the additional taxes owed amount for every month (or fraction thereof) your return is late, up to a maximum of 25%.
  - Tip: The late filing penalty is 10 times higher than the late payment penalty. If you can't pay your tax bill and didn't file an extension, at least file your return as soon as possible! You can always amend it later.
- A late payment penalty applies if you didn't pay additional taxes owed by April 15, whether you filed an extension or not.
  - The late payment penalty is 0.5% (1/2 of 1 percent) of the additional tax owed amount for every month (or fraction thereof) the owed tax remains unpaid, up to a maximum of 25%.

### **The Risks of Not Filing at All**

Taxpayers who fail to file will likely receive a letter from the IRS reminding them of

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