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Can't file your tax return by the April 15 deadline? Taxpayers can request an automatic six-month extension of time to file the return, but what many don't know can cost them.

Isaac M. O'Bannon • Apr. 15, 2019

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Can't file your tax return by the April 15 deadline? Taxpayers can request an automatic six-month extension of time to file the return, but what many don't know can cost them.

Enrolled agent Amanda Kendall of True Resolve Tax Professionals in the Denver area finds that some of her clients need extra time because they don't have all their documents ready, others put it off, and some need more time to pull together the money they need to pay the tax bill they are anticipating.

"I do want to point out that an extension is an extension for time to file, not time to pay," says Kendall, "so if you fall into the category of using an extension to have more

time to pay your taxes, this is not going to allow you to do that without paying

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Taxpayers are required to estimate the amount of tax that may be due with the tax return and remit payment with the extension to avoid Failure to Pay penalties. These penalties (which were increased this year), plus interest, could accrue from April 15 until the tax is paid, regardless of the extension. If a balance is still owed when the actual tax return is filed, at least the penalties and interest will have been minimized.

On the plus side, Kendall assures us that the common belief that filing an extension will raise a red flag and put you in jeopardy of an audit is unfounded. "If you are feeling rushed to get all your tax records together, not filing an extension may result in a costly mistake that would trigger an audit," says Kendall. "If you are feeling rushed, an extension may save you money in the long run by ensuring your return is complete and accurate."

If you estimate you will owe taxes and are unable to pay, it is especially important that you file your returns on time. Failure to File penalties may be assessed in addition to Failure to Pay. So, to minimize penalties it is always best to file the return or an extension and remit as much as possible with either. Payment plans may later be established.

If taxpayers are unable to file their tax return by April 15, there are several ways to request an automatic extension of time to file an individual return. Enrolled agents and other tax professionals can e-file the Application for Automatic Extension of Time to File US Individual Tax Return for taxpayers. Or, the application can be found on the IRS website (look for Form 4868), printed and mailed to the IRS, or e-filed. Whether taxpayers use a tax professional or submit the application themselves, all or part of the estimate of the income tax due can be paid with a check, credit/debit card, or by using the Electronic Federal Tax Payment System.

If you receive a notice from IRS at any time during the year, contact your tax preparer immediately. If you did not hire one to prepare your tax return, you should then

contact a licensed tax professional such as an Enrolled Agent or a CPA. Enrolled

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