CPA

Practice **Advisor**

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Jul. 20, 2020



For those who missed the July 15 tax deadline and didn't request an extension, the Internal Revenue Service reminds taxpayers about some important tips, including filing electronically as soon as possible to reduce potential penalties.

Some taxpayers may have extra time to file and pay any taxes due without penalties and interest. These include:

- Members of the military who served or are currently in a combat zone. They qualify for an additional extension of at least 180 days to file and pay taxes.
- Support personnel in combat zones or a contingency operation in support of the Armed Forces. They may also qualify for a filing and payment extension of at least

180 days.

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The IRS reminds taxpayers that, while we continue to process electronic and paper tax returns, issue refunds, and accept payments, we're experiencing delays in processing paper tax returns due to limited staffing. If a taxpayer filed a paper tax return, we will process it in the order we received it. Do not file a second tax return or call the IRS.

Taxpayers can track a refund using the "Where's My Refund?" tool on IRS.gov, IRS2Go and by phone at 800-829-1954. Taxpayers need the primary Social Security number on the tax return, the filing status and the expected refund amount. The tool updates once daily, usually overnight, so checking more frequently will not yield different results. The "Where's My Refund?" tool cannot be used to track Economic Impact Payments.

File to reduce penalties and interest

Normally, taxpayers should file their tax return, or request an extension, and pay any taxes they owe by the deadline to avoid penalties and interest. Taxpayers need to remember that an extension to file is not an extension to pay. Penalties and interest will apply to taxes owed after July 15.

Even if a taxpayer can't afford to immediately pay the taxes they owe, they should still file a tax return as soon as possible to reduce possible penalties. The IRS has more information for taxpayers who owe the IRS, but cannot afford to pay.

Ordinarily, the failure-to-file penalty is 5% of the tax owed for each month or part of a month that a tax return is late. But if a return is filed more than 60 days after the due date, the minimum penalty is either \$435 or 100% of the unpaid tax, whichever is less. Filing and paying as much as possible is important because the late-filing penalty and late-payment penalty add up quickly. The basic failure-to-pay penalty

rate is generally 0.5% of unpaid tax owed for each month or part of a month. For

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credit card or apply online for a payment plan, including an installment agreement. Several other electronic payment options are available on IRS.gov/payments. They are secure and easy to use. Taxpayers paying electronically receive immediate confirmation when they submit their payment. With Direct Pay and the Electronic Federal Tax Payment System (EFTPS), taxpayers can opt in to receive email notifications about their payments.

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