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BUY FILING TIME WITH AN EXTENSION

Can't File by April 15? You Still Have to Pay on Time

As the April 15 tax filing deadline looms, some taxpayers are buying time by filing for an extension. Reasons for seeking an extension vary, but to avoid penalties, interest and other headaches, taxpayers should pay close attention to IRS rules.

Extensions take time and preparation to calculate. But with assistance from a tax professional, online programs or software products, extensions can be completed easily and accurately, buying the time needed to complete the tax return.

H&R Block offers a few key tips to extension filers.

- **Notify the IRS** – The first step is to apply for an automatic extension from the IRS by completing Form 4868. Taxpayers can access this document by calling the IRS at (800) 829-1040 or by visiting www.irs.gov.
- **File later, pay now.** Taxpayers who file an extension have until Oct. 15 to submit a completed tax return. *But an extension to file does not give taxpayers an extension to pay.* Taxpayers should estimate their tax liabilities and send at least 90 percent of what they owe *with the extension* by the April 15 filing deadline to avoid failure-to-pay penalties. Interest and penalties will accrue on the unpaid balance.
- **File an extension even if you can't pay.** Taxpayers who file an extension by April 15 -- but can't pay the tax owed in full -- should submit as much of the tax due as possible. The penalty for failure to *file* a return or valid extension is 5 percent a month on the unpaid balance, whereas the penalty for failure to *pay* is only 0.5 percent a month.
- **Request an installment agreement.** When you're ready to file your return, if you still can't pay the remaining balance due, consider requesting an installment agreement. If you owe \$25,000 or less in taxes, interest and penalties, you or someone with power of attorney can apply on your behalf for an Online Payment Agreement through the IRS Web site at: www.irs.gov. Or you can download Form 9465 from the IRS Web site and mail it to the IRS.

If you owe more than \$25,000 in taxes, penalties and interest, you can apply for an installment agreement but may need to use Form 433F. Check www.irs.gov for details.

- **Consult your tax professional.** Using a tax professional to complete a late return can help taxpayers identify tax benefits and save them time. More than 4,300 H&R Block offices nationwide are open year-round and can assist extension filers. Find an office location near you by visiting www.hrblock.com.

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