



## What to do if you missed the April 15<sup>th</sup> Tax Deadline

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So you've missed the April 15th tax deadline this year (or in previous years), now what?

April 15 is the tax day deadline for most people. If you're due a refund there's no penalty if you file a late tax return. But if you owe taxes and you fail to file and pay on time, you'll usually owe interest and penalties on the taxes you pay late. Here are eight facts that you should know about these penalties.

1. If you file late and owe federal taxes, two penalties may apply. The first is a failure-to-file penalty for late filing. The second is a failure-to-pay penalty for paying late.

2. The failure-to-file penalty is usually much more than the failure-to-pay penalty. In most cases, it's 10 times more, so if you can't pay what you owe by the due date, you should still file your tax return on time and pay as much as you can. The experienced tax attorneys and accountants at our firm can help you work out a payment plan with the Internal Revenue Service (IRS) and with the North Carolina Department of Revenue.

3. The failure-to-file penalty is normally 5 percent of the unpaid taxes for each month or part of a month that a tax return is late. It will not exceed 25 percent of your unpaid taxes.

4. The failure-to-pay penalty is generally 0.5 percent per month of your unpaid taxes. It applies for each month or part of a month your taxes remain unpaid and starts accruing the day after taxes are due. It can build up to as much as 25 percent of your unpaid taxes.

5. If you requested an extension of time to file your income tax return by the tax due date and paid at least 90 percent of the taxes you owe, you may not face a failure-to-pay penalty. However, you must pay the remaining balance by the extended due date. You will owe interest on any taxes you pay after the April 15 due date.

6. You may not have to pay a failure-to-file or failure-to-pay penalty if you can show reasonable cause for not filing or paying on time.

Please call our firm at 252-321-2020 if you need help with unfiled taxes or old tax liabilities for yourself, trusts, estates or businesses. We are here to get you back on track and help reduce potential damage to your credit! We handle both Federal and North Carolina tax liabilities you need to resolve.

Borrowed from IRS Tax Tip 2014-56 by Colombo Kitchin Attorney, Kevin M. Sayed, LL.M. Taxation.