

## IRS

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### **Eight Facts on Late Filing and Late Payment Penalties**

April 15 is the annual deadline for most people to file their federal income tax return and pay any taxes they owe. By law, the IRS may assess penalties to taxpayers for both failing to file a tax return and for failing to pay taxes they owe by the deadline.

Here are eight important points about penalties for filing or paying late.

1. A failure-to-file penalty may apply if you did not file by the tax filing deadline. A failure-to-pay penalty may apply if you did not pay all of the taxes you owe by the tax filing deadline.
2. The failure-to-file penalty is generally more than the failure-to-pay penalty. You should file your tax return on time each year, even if you're not able to pay all the taxes you owe by the due date. You can reduce additional interest and penalties by paying as much as you can with your tax return. You should explore other payment options such as getting a loan or making an installment agreement to make payments. The IRS will work with you.
3. The penalty for filing late is normally 5 percent of the unpaid taxes for each month or part of a month that a tax return is late. That penalty starts accruing the day after the tax filing due date and will not exceed 25 percent of your unpaid taxes.
4. If you do not pay your taxes by the tax deadline, you normally will face a failure-to-pay penalty of  $\frac{1}{2}$  of 1 percent of your unpaid taxes. That penalty applies for each month or part of a month after the due date and starts accruing the day after the tax-filing due date.
5. If you timely requested an extension of time to file your individual income tax return and paid at least 90 percent of the taxes you owe with your request, you may not face a failure-to-pay penalty. However, you must pay any remaining balance by the extended due date.
6. If both the 5 percent failure-to-file penalty and the  $\frac{1}{2}$  percent failure-to-pay penalties apply in any month, the maximum penalty that you'll pay for both is 5 percent.
7. If you file your return more than 60 days after the due date or extended due date, the minimum penalty is the smaller of \$135 or 100 percent of the unpaid tax.
8. You will not have to pay a late-filing or late-payment penalty if you can show reasonable cause for not filing or paying on time.

**Note:** The IRS recently announced special penalty relief to many taxpayers who requested an extension of time to file their 2012 federal income tax returns and some victims of the recent severe storms in parts of the South and Midwest. For details about these relief provisions, see IRS news releases [IR-2013-31](#) and [IR-2013-42](#). The IRS has also provided

individual tax filing and payment extensions to those affected by the Boston explosions tragedy. See IR-2013-43 for more information.