

Buddy, Can You Spare Some Time?; Tax Extension Trend Grows; H&R Block Ready to Help And It Won't Cost A Dime

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KANSAS CITY, Mo.--(BUSINESS WIRE)--March 23, 2005--The April 15 tax deadline looms, and many procrastinators simply won't get their returns filed on time. What can they do?

Taxpayers are increasingly buying time by filing for an extension. The IRS expects extension filing to increase by 10 percent this year to approximately 10 million extensions filed.

Reasons for seeking an extension vary. Many taxpayers are intimidated by the ever-growing complexity of the tax code. Others are held up by late or missing documents. Still others face major life changes, such as a divorce, move or new job, that make timely filing more difficult.

Last-Minute Help is Available from H&R Block

Whatever the reason, taxpayers who need more time to complete their returns should remember that H&R Block (NYSE:HRB) is there to help. An automatic four-month extension, if filed by April 15th, can be filed electronically via H&R Block TaxCut(R) software, online at hrblock.com, or with the assistance of a tax professional at any of the more than 11,000 H&R Block U.S. offices.

Taxpayers who file an extension through an H&R Block office or at www.hrblock.com will receive a credit for the full amount of the extension filing fee when their final federal return is completed through H&R Block. Electronic extension filing costs just \$9.95 with the purchase of any federal TaxCut product.

Features of H&R Block's TaxCut and online extension solutions include a simple calculator that quickly estimates taxpayers' refunds or tax liability, extensive glossaries, advice and help, and an electronic receipt proving that the IRS received the e-filed extension application. With these tools, filing an extension takes just minutes.

"Most H&R Block clients filing extensions complete their taxes by April 30," said Kristin Gambill, H&R Block's director of online services. "Whether taxpayers file an extension online or through one of our offices, H&R Block ensures that the process is completed quickly and accurately."

Know the Rules

To avoid penalties, interest and other headaches, taxpayers who file an extension need to pay close attention to IRS rules, says H&R Block tax professional Kathy Burlison. Indeed, common misconceptions about extensions can prove expensive for taxpayers. Extensions take time and preparation to calculate. But - with assistance from a tax professional, online or software programs, extensions can be completed and e-filed correctly, buying time to complete the tax return.

According to H&R Block, the important facts to remember when considering an extension include:

Notify the IRS - Filing an extension (Form 4868) is automatic to August 15, but preparing it isn't a cakewalk. The worksheet that estimates your taxes takes time. E-filing the extension? You'll receive IRS notification of your extension.

File now - pay now - The extension to file will not give you more time to pay your tax bill. Calculate an estimate (via a worksheet) of your tax liability and pay that amount by April 15 or be subject to an interest charge of six percent per year. Paying less than total tax due? You'll be placed in the penalty box and you'll pay more due to late payment.

Use your credit card - The IRS accepts most major credit cards, so you can charge your taxes owed as part of your extension. There is no IRS fee for credit card payments, although card processors may charge a convenience fee. New this year, H&R Block Online tax clients can settle their federal tax obligations without having to pay convenience fees if they use a MasterCard Debit Card or Discover Card. To participate in this program, taxpayers must purchase an H&R Block online tax program through either www.MasterCard.com/us or <http://discovercard.com/discover/data/promos/taxcenter/main.shtml>. The offer is valid only for

online payments made on or before Oct. 17, 2005.

Year-round Tax Professionals - Using a tax professional to complete your late return can save you time and may save you money by identifying deductions or credits. More than 4,000 H&R Block offices nationwide are open year-round. Go to www.hrblock.com to file your extension electronically or to find the year-round H&R Block office nearest you.

If you can't pay, don't file an extension - If your return is completed but you are unable to pay the tax due, complete your return by April 15, and pay as much as you can. The IRS will send you a bill or notice for the balance due. Installment agreements are another option. The IRS will charge interest and penalties on the unpaid balance. There is a \$43 fee to set up an installment agreement.

Extend the extension? Beyond your first extension of Aug. 15, you may be able to get an extension of two additional months to file. It's not automatic and you must give the IRS the reason why a second extension is necessary (use Form 2688, or write to the IRS). Except for extreme hardship, a request for additional time will likely not be approved unless you have first used the automatic four-month extension.

"People file extensions for many reasons," says Burlison. "You're generally better off getting your return completed by April 15. If that's not possible, be sure to follow the IRS rules to avoid potentially substantial penalties. And remember that help from H&R Block is always just a mouse-click or phone call away."

About H&R Block

Celebrating its 50th anniversary in 2005, H&R Block is the world's largest tax services provider, having served more than 400 million clients since 1955. The sixth largest retailer in the world, H&R Block has more than 12,000 locations serving taxpayers primarily in the United States, Canada and Australia.

H&R Block's subsidiaries deliver tax services and financial advice, investment and mortgage services, and business accounting and consulting services. H&R Block Financial Advisors Inc. offers investment services and securities products. With approximately 1,000 financial advisors serving clients at approximately 270 locations, H&R Block Financial Advisors is a member NYSE, SIPC, a registered broker-dealer and investment advisor. H&R Block Inc. is not a registered broker-dealer and is not an investment advisor. H&R Block Mortgage Corp. offers a full range of retail mortgage services. Option One Mortgage Corp. provides mortgage services and offers wholesale mortgages through large financial institutions and a network of 24,000 independent mortgage brokers. RSM McGladrey Business Services Inc. and its subsidiaries serve mid-sized businesses and their owners with tax, accounting and business consulting services, as well as personal wealth management services. H&R Block Small Business Resources is a new business currently operating in 14 U. S. cities that serves the tax, financial and business needs of small business owners. H&R Block Small Business Resources is not a licensed CPA firm. For more information about the company, visit our Online Press Center at www.hrblock.com/presscenter

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