

## Taxpayers May Face Penalties, Interest If They Miss April 15 Deadline

April 13, 2009 2:17 PM ET

### Filing an Extension Gives Taxpayers Six Months to File, But Not to Pay

KANSAS CITY, MO, Apr 13, 2009 (MARKET WIRE via COMTEX) -- With only a few days left to file taxes, taxpayers are confused about whether they have to pay on April 15, even if they file an extension. H&R Block (NYSE: HRB) reminds taxpayers that they may face penalties and interest if they don't closely follow the regulations on how to file and pay -- even if their bill is bigger than their bank balance.

According to a new survey by The Tax Institute at H&R Block, 55 percent of taxpayers don't know that filing an extension is not an extension of time to pay.

"Bring your checkbook when you go to file an extension," said Amy McAnarney, executive director of The Tax Institute at H&R Block. "The tax that isn't paid by April 15 is subject to interest and penalties, so it's best to pay as much as you can even if you are requesting an extension."

According to the IRS, more than 20 percent of American taxpayers typically owe at tax time. Taxpayers who owe can make a payment when they file the extension either by mailing a check or by several electronic payment methods, including electronic funds withdrawals from bank accounts and credit card payments. Those filing an extension need to complete and file Form 4868 by April 15 in order to apply for the extension to Oct. 15.

The penalty for failure to file a return or valid extension is 5 percent a month on the unpaid balance; the penalty for failure to pay is 0.5 percent a month. Because the failure to file penalty can be as much as 25 percent of the balance due on the return, it is extremely important to file a return or extension by April 15, even if the balance due will be paid later. Taxpayers, who cannot pay the tax owed in full, should pay at least 90 percent of their balance due in order to avoid the failure to pay penalty. Taxpayers will receive a balance due statement from the IRS, and interest and applicable penalties also will be assessed. In most instances, depending on the amount of tax owed, taxpayers can pay the IRS through an installment agreement.

U.S. taxpayers residing outside of the country on April 15 have an automatic two-month extension until June 15 to file their returns. Members of the military serving in Iraq, Afghanistan or other combat zone locations have approximately 180 days after they leave the combat zone to file their taxes.

"If you have waited to file until now, take care in gathering your information, doing your taxes or taking it to someone. Taxes aren't the time to rush, because you don't want to miss details or make mistakes that could save you dollars," McAnarney said.

Missed credits and deductions on tax returns could mean losing hundreds or even thousands of dollars. H&R Block has found mistakes on four out of five tax returns prepared by other people through its Second Look(R) review service. Already, H&R Block tax professionals have found more than \$30 million\* for their clients through Second Look.

Using a tax professional or reputable tax software can help taxpayers identify qualified tax benefits, file an extension form and save time. To locate a year-round office nearest them or find H&R Block TaxCut(R) software, taxpayers can visit [www.hrblock.com](http://www.hrblock.com).

\* Figure reflects clients who had a positive savings and re-filed with H&R Block from Jan. 1, 2009 to March 11, 2009.

The Tax Institute, a division of H&R Block, is a national leader in providing unbiased research, analysis and interpretation of federal and state tax laws. Staffed by Enrolled Agents, CPAs and Attorneys, The Tax Institute provides industry expertise for matters related to taxes and the professional tax preparation industry.

### About H&R Block

H&R Block Inc. (NYSE: HRB) is the world's preeminent tax services provider, having served more than 400 million clients since 1955 and generating annual revenues of \$4.1 billion in fiscal year 2008. H&R Block provides income tax return preparation and related services and products via a nationwide network of approximately 13,000 company-owned and franchised offices and through H&R Block TaxCut(R) online and software solutions. The company also provides business services through RSM

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