

## Refund Season Nears End: Two Days Left Before Filing Deadline

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### Taxpayers Filing an Extension Do Not Have an Extension to Pay, but Can Avoid Penalties

KANSAS CITY, MO -- (Marketwired) -- 04/14/15 -- Millions of taxpayers, who have days before the tax filing deadline, have yet to file. H&R Block (NYSE: HRB), the world's largest consumer tax services provider, reminds them all the importance of filing something -- a completed return or at least an extension. So far this season, the average refund is a little more than \$2,800 according to the IRS, up slightly from the same time last season. However, total tax returns filed are down. While taxpayers who have yet to file may choose to apply for an extension, they should still pay any outstanding tax liability by April 15, 2015.

"The extension to file is not an extension to pay for those taxpayers who owe the IRS money. Taxpayers must pay at least 90 percent of their 2014 tax bill by April 15 or they will face late-payment penalties and interest," said Kathy Pickering, executive director of The Tax Institute at H&R Block. "Still, filing an extension will save them the larger five-percent monthly failure-to-file penalty."

#### *Failure-to-file penalty 10 times greater than late-payment penalty*

The penalty for not paying in full is 0.5 percent of the unpaid balance per month with a maximum of 25 percent. The monthly penalty for not filing a tax return is 10 times that amount and capped at a maximum of 25 percent. For example, for someone who owes \$1,000, the failure to pay penalty starts at just \$5 per month. But the failure to file a return starts at \$50 per month.

#### *Options for taxpayers who cannot pay*

Taxpayers faced with a tax bill they cannot pay by April 15 may wish to request a short-term extension to pay or apply for an installment agreement from the IRS. In some instances, the taxpayer may qualify for an offer-in-compromise.

According to analysis by The Tax Institute at H&R Block, a taxpayer with a \$2,000 tax bill who files a return or extension by April 15 and pays the tax bill on October 15 would incur an additional liability of about \$90 in interest and late-payment penalties. If instead the taxpayer pays the balance due April 15 by credit card (with an 18 percent annual rate) and pays off the credit card balance October 15, the taxpayer would have additional interest and convenience fee expenses of about \$230. If the taxpayer does not file an extension and then files the return and pays the balance due October 15, the taxpayer would have an additional liability of about \$600 in both failure-to-file and late-payment penalties.

"The failure-to file penalty could end up costing some taxpayers more than if they paid their taxes by April 15 using a credit card and paid off the balance within six months. Taxpayers should get help understanding the best way to pay their tax bill in their unique situation," said Pickering.

#### *Making a good estimate*

Those paying by April 15 need to estimate their 2014 tax liability and should begin with previous years' returns to compare income, withholding and life changes that could impact their return, like a dependent leaving home. They may also use [online calculators](#) for help getting an estimate.

For additional help estimating their tax liability, filing an extension or understanding their payment options, taxpayers may contact a [local H&R Block tax professional](#). To find the nearest H&R Block office, visit [www.hrblock.com](http://www.hrblock.com) or call 800-HRBLOCK.

#### *About H&R Block*

H&R Block, Inc. (NYSE: HRB) is the world's largest consumer tax services provider. More than 650 million tax returns have been prepared worldwide by and through H&R Block since 1955. In fiscal 2014, H&R Block had annual revenues

over \$3.0 billion with 24.2 million tax returns prepared worldwide. Tax return preparation services are provided by professional tax preparers in approximately 12,000 company-owned and franchise retail tax offices worldwide, and through H&R Block tax software products. H&R Block Bank provides affordable banking products and services. For more information, visit the H&R Block Newsroom at <http://newsroom.hrblock.com/>.

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