

Filing an Extension? Don't Forget to Pay IRS

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An extension to file is not an extension to pay; tax payments due April 18

KANSAS CITY, Mo., April 17, 2017 (GLOBE NEWSWIRE) -- The 40 million taxpayers who still have not filed a tax return need to file either a return or an extension by the April 18 deadline. And while the monthly penalty for not filing is higher than it is for not paying, H&R Block (NYSE:HRB) also advises taxpayers to pay at least 90 percent of their 2016 tax bill by the April 18 deadline to avoid penalties.

“Getting your taxes won means getting every credit and deduction you deserve. It also means avoiding penalties and interest,” said Kathy Pickering, executive director of The Tax Institute at H&R Block. “Filing an extension and making sure you pay any tax you owe is the best way to avoid adding unnecessary costs to your tax liability.”

Filing an extension helps but doesn't exempt procrastinators from paying

The monthly penalty for not filing a tax return is 10 times greater than the penalty for not paying in full. The best way to avoid this penalty, which could quickly add up to 25 percent to their tax bill, is to file a completed tax return or apply for an extension. However, an extension doesn't apply to any payments due.

“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 2016 tax bill by April 18 or they will face late-payment penalties and interest,” said Pickering. “Still, filing an extension will save them the larger failure-to-file penalty.”

The monthly 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 5 percent 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 penalty for failing to file a return starts at \$50 per month and thus maxes out very quickly.

Taxpayers who cannot pay have options if they work with the IRS

If a taxpayer can't pay their balance due all at once, they can request a short-term extension to pay, make an installment agreement or even pay with a credit card. In some instances, the taxpayer may qualify for an offer-in-compromise. By working with the IRS, taxpayers may reduce or eliminate their penalties.

“If they're having trouble paying their tax bill, taxpayers can save time and money when they are short on both by talking to a tax professional about their options. A tax professional can help them determine the best way to pay their tax bill in their unique situation,” said Pickering.

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 or call 800-HRBLOCK.

About H&R Block

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