

Notice Under Circular 230 Required Statement: that no advice is intended herein to be imparted, but if it does, then Circular 230, requires that I advise and disclose to you, that you may not use, and cannot use any information for purposes of (1) avoiding penalties imposed under the Internal Revenue Code or (2) promoting, marketing or recommending to any other person(s) the any of the transaction(s) or matter(s) addressed, discussed or referenced herein. Each taxpayer should seek advice from an independent tax advisor with respect to any Federal tax issue(s), transaction(s) or matter(s) addressed, discussed or referenced herein based upon their particular circumstances.

DISCLAIMER: *The note is not to be considered legal, accounting or tax advice, it is not complete, nor can it be a reference source. I do not guarantee the accuracy of the information provided herein and will not be held liable for any legal action resulting from reliance on this note.*

Extensions Do **NOT** Extend Time to Pay

1.1 Welcome. Hi, and welcome. This video is one in a series discussing various topics my clients have asked me to address. This discussion addresses “**Extensions Do NOT Extend Time to Pay**” Extensions merely extend the time to file and not even that if 90% of the final tax is not paid by the due date of the return. This is a “30,000-foot” look at the issue and is not complete at that. You must consult a licensed professional in your jurisdiction.

1.2 No Legal Advice. *I cannot and do not provide any advice;* only a licensed professional in your jurisdiction can do that. You should assume I am not licensed in any jurisdiction and am not addressing any of your specific concerns. You must consult a licensed professional in your jurisdiction.

Tax Due Date Is **NOT** Extended

2.1 Form Instructions. Here are the instructions on the extension form and must be complied with or the extension will **NOT** be considered “valid” and **penalties and interest will ensue:**

The image shows the top portion of Form 4868, 'Application for Automatic Extension of Time To File U.S. Individual Income Tax Return' for the year 2021. The form is divided into two main sections: Part I Identification and Part II Individual Income Tax. Part I includes fields for the taxpayer's name, address, city/town/post office, state, ZIP code, and social security numbers for both the taxpayer and their spouse. Part II includes a checklist of conditions for the extension, such as estimating total tax liability, making total 2021 payments, and checking for 'out of the country' status or Form 1045-NR filing. The form number 4868 and the year 2021 are prominently displayed.

When To File Form 4868

File Form 4868 by April 18, 2022 (April 19, 2022, if you live in Maine or Massachusetts). Fiscal year taxpayers file Form 4868 by the original due date of the fiscal year return.

Taxpayers who are out of the country. If, on the regular due date of your return, you're out of the country (as defined below) and a U.S. citizen or resident, you're allowed 2 extra months to file your return and pay any amount due without requesting an extension. Interest will still be charged, however, on payments made after the regular due date, without regard to the extension. If you're out of the country and file a calendar year income tax return, you can pay the tax and file your return or this form by June 15, 2022. File this form and be sure to check the box on line 8 if you need an additional 4 months to file your return.

If you're out of the country and a U.S. citizen or resident, you may qualify for special tax treatment if you meet the bona fide residence or physical presence test. If you don't expect to meet either of those tests by the due date of your return, request an extension to a date after you expect to meet the tests by filing Form 2350, Application for Extension of Time To File U.S. Income Tax Return.

You're out of the country if:

- You live outside the United States and Puerto Rico and your main place of work is outside the United States and Puerto Rico, or
- You're in military or naval service on duty outside the United States and Puerto Rico.

If you qualify as being out of the country, you'll still be eligible for the extension even if you're physically present in the United States or Puerto Rico on the regular due date of the return.

For more information on extensions for taxpayers out of the country, see Pub. 54, Tax Guide for U.S. Citizens and Resident Aliens Abroad.

Form 1040-NR filers. If you can't file your return by the due date, you should file Form 4868. You must file Form 4868 by the regular

Interest

You'll owe interest on any tax not paid by the regular due date of your return, even if you qualify for the 2-month extension because you were out of the country. The interest runs until you pay the tax. Even if you had a good reason for not paying on time, you will still owe interest.

Late Payment Penalty

The late payment penalty is usually $\frac{1}{2}$ of 1% of any tax (other than estimated tax) not paid by the regular due date of your return, which is April 18, 2022. It's charged for each month or part of a month the tax is unpaid. The maximum penalty is 25%.

The late payment penalty won't be charged if you can show reasonable cause for not paying on time. Attach a statement to your return fully explaining the reason. Don't attach the statement to Form 4868.

You're considered to have reasonable cause for the period covered by this automatic extension if **both** of the following requirements have been met.

1. At least 90% of the total tax on your 2021 return is paid on or before the regular due date of your return through withholding, estimated tax payments, or payments made with Form 4868.
2. The remaining balance is paid with your return.

Late Filing Penalty

A late filing penalty is usually charged if your return is filed after the due date (including extensions). The penalty is usually 5% of the amount due for each month or part of a month your return is late. The maximum penalty is 25%. If your return is more than 60 days late, the minimum penalty is \$435 (adjusted for inflation) or the balance of the tax due on your return, whichever is smaller. You might not owe the penalty if you have a reasonable explanation for filing late. Attach a statement to your return fully explaining your reason for filing late. Don't attach the statement to Form 4868.

Note that the penalty is **5% per part of any month** the tax is not paid, limited to 25% of the tax due. Then the penalty for failure to pay the tax continues at .5% (.005) per month as does interest.