

Tennessee Society of CPAs

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What If You Missed the Tax Deadline?

You flip your calendar to the month of May, and it makes you think of warmer weather and sunny days. Then you realize something awful: You forgot to file your tax return by this year's April 18 deadline! What can you do? In fact, it's best not to panic if you missed the tax deadline, according to the Tennessee Society of CPAs. Here are some reasons that your mistake may not be as bad as it sounds.

You Still Have a Chance to File

The worst thing you can do is to throw up your hands and hope the problem will go away. Instead, gather up all your tax documents and complete and submit your tax return as soon as possible. You should have received all of your tax reporting forms, but if you haven't, contact your employer for forms such as your W-2 or reach out to a client for a 1099 for miscellaneous income. Get in touch with your bank or financial institution if you don't have the proper forms reporting investment or dividend income you received or student loan or mortgage interest you paid. To complete your return, you'll also want to locate receipts and other paperwork to document any deductions you plan to take.

Filing as Quickly as Possible Can Save You Money

When you fail to file your return or pay your outstanding taxes on time, you can be subject to penalties and interest. In most cases, the penalty for failing to file is 10 times higher than the one for failure to pay, which is why submitting your return—and paying as much as you can, even if you can't pay in full—is so important. Be aware, as well, that the interest you'll be charged for a late payment will keep accruing until the date you pay in full, so time is of the essence. If you need help getting your return done in a hurry, be sure to turn to your CPA for help.

Paying What You Can Will Help

If you're unable to pay your entire tax bill right now, the Internal Revenue Service has monthly payment plans available for those who need more time to pay. You can still be hit with penalties and interest on whatever you don't pay on time, but you can often whittle down your bill at your own pace and avoid penalties or interest on the entire amount.

You May Not Owe a Penalty at All

When you finally complete your return, do you find that you are owed a refund? That's great news for two reasons. First, you'll now be receiving money instead of paying. Second, even though your return is late, you will not owe interest and penalties since you don't owe any taxes. However, if you don't file your return within three years, you could forfeit your right to the refund. You never know: Finally getting

your return together could provide a welcome surprise. In addition, the IRS may waive your penalties or interest if you can make a strong case to prove you had reasonable cause to miss the deadline to file or pay your taxes. Consult your CPA if you believe you're in this situation.

Your CPA Can Help

Roughly 7 million people fail to file their taxes each year, according to IRS research. Don't be one of them! Whether you're having trouble completing your return or need more time to make your payment, your CPA can offer the advice you need to get back on track with your taxes. Turn to him or her with all your financial concerns.

About Money Management

Money Management is a column on personal finance that is a joint effort of the AICPA and the Tennessee Society of CPAs, as part of the profession's nationwide 360 Degrees of Financial Literacy program. Members of TSCPA are CPAs residing and practicing primarily in Tennessee in all areas of public accounting, education, government, business and industry. TSCPA offers a speakers bureau for many types of business and educational engagements. For details, visit www.tscpa.com. TSCPA is headquartered in Brentwood, Tenn.