

Eight Facts about Penalties for Filing and Paying Late

April 15 is the tax day deadline for most people. If you're due a refund there's no penalty if you file a late tax return. But if you owe taxes and you fail to file and pay on time, you'll usually owe interest and penalties on the taxes you pay late. Here are eight facts that you should know about these penalties.

1. If you file late and owe federal taxes, two penalties may apply. The first is a failure-to-file penalty for late filing. The second is a failure-to-pay penalty for paying late.
2. The failure-to-file penalty is usually much more than the failure-to-pay penalty. In most cases, it's 10 times more, so if you can't pay what you owe by the due date, you should still file your tax return on time and pay as much as you can. You should try other options to pay, such as getting a loan or paying by credit card. The IRS will work with you to help you resolve your tax debt. Most people can set up a payment plan with the IRS using the Online Payment Agreement tool on IRS.gov.
3. The failure-to-file penalty is normally 5 percent of the unpaid taxes for each month or part of a month that a tax return is late. It will not exceed 25 percent of your unpaid taxes.
4. If you file your return more than 60 days after the due date or extended due date, the minimum penalty for late filing is the smaller of \$135 or 100 percent of the unpaid tax.
5. The failure-to-pay penalty is generally 0.5 percent per month of your unpaid taxes. It applies for each month or part of a month your taxes remain unpaid and starts accruing the day after taxes are due. It can build up to as much as 25 percent of your unpaid taxes.
6. If the 5 percent failure-to-file penalty and the 0.5 percent failure-to-pay penalty both apply in any month, the maximum penalty amount charged for that month is 5 percent.
7. If you requested an extension of time to file your income tax return by the tax due date and paid at least 90 percent of the taxes you owe, you may not face a failure-to-pay penalty. However, you must pay the remaining balance by the extended due date. You will owe interest on any taxes you pay after the April 15 due date.
8. You will not have to pay a failure-to-file or failure-to-pay penalty if you can show reasonable cause for not filing or paying on time.

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