

Important Things to Keep in Mind:

Tax Filing Deadline

The IRS Tax Filing Deadline, also known as Tax Day, is April 15, unless it falls on a holiday or weekend, in which case it will be the next business day. At times, the IRS may extend the filing deadline due to extenuating circumstances, such as the COVID-19 pandemic.

Tax Extensions

If you need more time to file your federal tax return, you can get an extension by sending the IRS Form 4868 by April 15. An extension will usually give you until October 15 to review and fix your tax return or have someone else do it for you. A tax professional or a tax software provider can help you identify additional deductions or credit you may have missed or weren't aware of. If you file taxes late and do not get an extension by the deadline, you will incur a late-filing penalty: 5% of the taxes you owe for every month that your tax return is late.

The IRS will charge you a late filing penalty, a late payment penalty, and interest on the balance owed if you do not file your tax return or your extension on time or if you fail to pay your taxes on time.

Back Taxes

Back taxes are federal, state, or local taxes that have been partially or wholly unpaid the year they were due. Back taxes accumulate interest and penalties, so by not paying their taxes in a timely manner, a person can end up owing the IRS a lot of money.

Reasons for back taxes include: filing an income tax return and not paying the taxes you owe, failing to report total income earned during the tax year, or not filing a tax return at all. Not paying your back taxes can result in penalties and serious legal action. The IRS may seize a person's property or assets to collect the total amount of money they owe. It is best to file taxes as early as you can and pay what you owe as quickly as possible in one lump sum or using a payment plan to avoid back taxes.¹³⁵

¹³⁵ Julia Kagen. "What Are Back Taxes?" *Investopedia*, Nov. 13, 2020. <https://www.investopedia.com/terms/b/back-taxes.asp>