



Have Not Filed Your Return Yet?

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While April 15 is rapidly approaching, if you have not filed your federal or state income tax return, you should not panic. You can file for an automatic 6-month extension of time to file. This will make your return due on October 15. Individuals file for an extension for a number of reasons.

- They have not had time to complete the accounting for their farm.
- They are waiting for a schedule K-1 from a partnership or S corporation investment.
- They received a notice from their investment company that a revised Form 1099 will be mailed.
- They have been ill.
- They are in a contentious divorce and the spouse will not cooperate in furnishing records.
- They have not gotten around to meeting with their accountant.
- They gave the information to the accountant, who has not completed the return.

If you are one of these people, you can file for additional time to file, but the IRS wants its money now. Filing a delinquent return can result in a federal penalty as high as 5% per month or fraction of a month of the unpaid tax shown on the return or up to 25% if the return is not filed within 60 days of the due date (including extensions). For calendar year filers, the due date this year is Monday, April 15. The Illinois penalty for late filing is the lesser of 2% of the tax due or \$250 if up to 30 days late and the greater of \$250 or 2% of the tax due after 30 days.

To avoid these penalties, you can file for a 6-month extension. However, be aware this is an extension of time to file, not to pay any tax due. You must estimate the amount of tax you believe to be due and make payment with the extension.

The extension is obtained by filing Form 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*, through the mail or electronically. The IRS has instructions on its website at <http://www.irs.gov/uac/Free-File:-Do-Your-Federal-Taxes-for-Free>. The website even tells you how you can make the payment electronically. If you mail the Form 4868, the IRS uses the envelope postmark date to determine if the return was filed late.

Form IL-505-I, *Automatic Extension Payment for Individuals*, must be filed if you believe you will owe any

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tax to Illinois. No Form IL-505-I is due if you do not owe any Illinois tax. Illinois recognizes the federal Form 4868 as an extension of time for Illinois tax purposes. When the final return is filed, additional interest may be assessed.

Maybe the reason for late filing is you do not have the money available to make payment now. This should not be a reason to file late because it only adds to the penalties. The IRS will make you a short-term loan. Depending on the amount of tax owed, it may be as simple as asking for more time to pay. You should send as much as possible with the return as well and file Form 1127-A, *Application for Extension of Time for Payment of Federal Income Tax Due to Undue Hardship*. This allows you to work out a payment arrangement. Also, if you do not have the cash to pay your tax bill, the IRS accepts credit cards.

Remember, just because you do not file or pay your tax, the bill does not go away.