

Tax Tips You Can Use



Extensions of time to file
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If you cannot file your tax return by April 15th you should definitely consider filing an extension. Stiff penalties can be imposed for “Failure to File” by both Oregon (up to 20% of the unpaid tax), and Federal (up to 25% of the unpaid tax).

Filing an automatic 6 month extension is fairly easy to do, and can be done electronically by your tax preparer, or by filing a paper from #4868 for Federal, and form #40EXT for Oregon. Oregon will accept the Federal automatic extension, but if you owe tax to Oregon you should still file the 40Ext. This form doubles as a payment voucher.

One thing to remember however is that AN EXTENSION OF TIME TO FILE, DOES NOT MEAN AN EXTENSION OF TIME TO PAY. Additional penalties can still be imposed for late payment of taxes even if you file an extension. (1/2 of 1% of the unpaid tax per month for Federal, and up to 5% of the unpaid tax for Oregon). You can avoid late payment penalties by paying at least 90% of your tax liability by April 15th.

If you don't pay all the tax due by April 15th, you will also owe interest on the unpaid balance, from April 15th until the date it is paid in full.

To sum up, both the IRS and the State of Oregon may impose Failure to File, Failure to Pay, and Interest on unpaid taxes. The moral of the story, try to file on time, but failing that ALWAYS file an extension, and pay as much of your liability as you can, by April 15th.

After all, do you really want any more of your money going to the Government than they already have?

Happy Filing

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The fine print: This article is for information only. Please see your tax professional for questions about your individual tax situation.