



Late Filing and Late Payment Penalties

April 15 is the annual deadline for most people to file their federal income tax return and pay any taxes they owe. By law, the IRS may assess penalties to taxpayers for both failing to file a tax return and for failing to pay taxes they owe by the deadline.

Here are seven important points about penalties for filing or paying late.

1. If you timely requested an extension of time to file your individual income tax return and paid at least 90 percent of the taxes you owe with your request, you may not face a failure-to-pay penalty. However, you must pay any remaining balance by the extended due date. IRS Direct Pay is the latest electronic payment option available which allows you to schedule payments online from your checking or savings account with no additional fee and with immediate payment confirmation. It's, secure, easy, and much quicker than mailing in a check or money order.
2. You can reduce additional interest and penalties by paying as much as you can with your tax return. You should explore other payment options such as getting a loan or making an installment agreement to make payments. The IRS will work with you. For example, you can apply for an Online Payment Agreement if you owe \$50,000 or less in combined tax, penalties and interest, and filed all required returns. You may also qualify for a short-term agreement if your balance is under \$100,000.
3. The penalty for filing late is normally five percent of the unpaid taxes for each month or part of a month that a tax return is late. That penalty starts accruing the day after the tax filing due date and will not exceed 25 percent of your unpaid taxes.
4. If you do not pay your taxes by the tax deadline, you normally will face a failure-to-pay penalty of one-half of 1 percent of your unpaid taxes. That penalty applies for each month or part of a month after the due date and starts accruing the day after the tax-filing due date.
5. If both the five percent failure-to-file penalty and the one-half percent failure-to-pay penalties apply in any month, the maximum penalty that you'll pay for both is 5 percent.
6. If you file your return more than 60 days after the due date or extended due date, the minimum penalty is the smaller of \$135 or 100 percent of the unpaid tax.
7. You will not have to pay a late-filing or late-payment penalty if you show reasonable cause for not filing or paying on time.

For more information about penalty and interest charges, refer to Part One, Chapter 1, Filing Information, of Publication 17, Your Federal Income Tax for Individuals.

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