

What Are the Consequences for Not Filing Your Taxes?

It is enticing not to pay taxes especially since there are millions of taxpayers. Certainly, you would think you will not be noticed. You are dead wrong, however, as the IRS will know. It is then imperative to be aware of what the penalties for not filing your taxes are, what you need to do if you were not able to do this obligation, and where to turn to for help.

You will probably think that not filing for your taxes is a small matter but the government sees this as stealing and considers it an offense. Penalties can be categorized into three levels, depending on your situation :

- * Filing for taxes late
- * Penalties for not filing your taxes at all
- * Penalties for not paying your taxes

Late filing gives the least overdue fees. A mere 5% monthly interest is added to your total tax due. The IRS, on the other hand, can charge you up to a maximum of 25% as penalty. Let's take a look at one instance. Tax returns filed on June when it is due on April 15 are charged with 15% interest.

What options do you have if you still have not filed your tax return and it is almost April 15?

Should your circumstances call for an extension in filing for your taxes, you may call the IRS. You can process this request by filling out Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return. An approved request gives you up to August 15, instead of April 15, to take care of your tax returns. If you need extra time, you can use Form 2688. You should process the request for extension or else you will automatically be given with the applicable charges.

Note that filing for an extension does not give you more allowance to pay the taxes you owe. By April 15, you need to pay for at least 90% of your dues. If you forget to do this, you will be charged with a penalty of 0.5% per month. This leads us to the next penalty, which is for not paying what you owe.

For sure, it is more preferred not to pay the whole amount than not file at all. Again, let us illustrate this by saying that you owe \$5000. Just paying \$1000 gives you a penalty of only 0.5% on \$4000, which is a mere \$20 monthly. Thus, it is important that you file and pay your taxes whatever way you can.

Not paying for your taxes after a number of consecutive months may implore the IRS to take more serious action. First, the penalty increases 1% monthly. The IRS can also require you to mortgage your assets or get a loan. More importantly they may opt for wage garnishment and levying bank accounts.

Before situations get that bad, ask for IRS assistance. They are not the Big Bad Wolf they are often made out to be. You may request them for 30-120 days extension. A friendly payment plan may also be set up. IRS help is available in many forms: installment plans, temporary delays, or Offer in Compromise. To know more about these alternatives, you may visit the IRS website.

The consequence for not even bothering to file your taxes is most critical. You will be charged 5% of the amount you owe, per month. The maximum penalty for this infraction, however, is 25%. Take for instance you owe \$5000 and you filed 5 months after the deadline. Computing your total penalty means multiplying \$5000 by 25%. This gives you a whopping \$1250 on top of your bill. More importantly, this situation does not make it easy for you to ask for assistance from the IRS.

The IRS may accomplish a return and send the bills and fees to a tax payer who, over time, refuses to file. The IRS-completed return will not offer the taxpayer deductions he would otherwise be entitled to. The IRS may press for criminal or civil charges should the above move prove to be futile. To avoid arriving at these unfavorable situations, ask for the help of the IRS. There are always ways that you can arrange to pay what you owe without incurring serious consequences.

Darrin T. Mish is a Nationally recognized Attorney whose practice focuses on representing clients across the United States with IRS Problems. He is AV rated by Martindale-Hubbel and is a member of the American Society of IRS Problem Solvers and the Tax Freedom Institute. He has been honored by a listing in Martindale-Hubbel's Bar Register of Preeminent Lawyers. His passion is providing IRS help to taxpayers with both individual and payroll tax problems. He also spends a great deal of time traveling the nation providing training to attorneys, CPAs and Enrolled Agents on how to handle their toughest cases with the IRS. If you would like more information about his services please visit <http://getirshelp.com>.