

Well, the final tax returns should have been filed last week. I hope everyone made it in. If you didn't- there is still time. It is better to file late and not pay than not to file at all.

If you don't have the money to pay your tax bill, send as much as you can in. The IRS will send you a bill for the rest. The interest will accrue on the original amount and on the penalty amount. Better to just to pay the late payment penalty than the late filing and late payment.

The penalty for failure to file is 5 % of unpaid balance per month, up to 25%. If over 60 days late, then it's the smaller of \$135 or 100% of the tax. Interest will accrue with this-compounded daily.

Failure to pay penalty is ½ % of unpaid balance per month- up to 25%. If there is an installment agreement, the penalty will be ¼ % of the unpaid balance per month of the installment agreement.

So, with this being said and the economy what it is, what do you do if you can't pay it all?

The first is an installment agreement with the IRS of all that you owe over a certain amount of time.

The second is an installment agreement with the IRS of only a partial amount of what you owe over a certain amount of time.

The third is an Offer in Compromise. This is where your tax liability far outweighs what you have or will have over several years. You have to show all of your financial life on paper, all the owes, the owns, the ins and the outs; the value of your vehicles, house and household items. The IRS will determine if you can qualify. This is a long process.

At any rate, you are able to phone the IRS and find out the options and how to go about it. You can go to a tax professional to help guide you through the maze. You don't need to call the 800 numbers you see on TV that are promising to reduce your tax bill by 90%. This rarely happens.

The bottom line is file. If you don't file one year, you will start not to file and fall down the slippery slope. The penalties will by far outweigh your tax bill. It's scary when you don't have the money, but the IRS will work with you, as long as you work with them. If you ignore the letters and ignore the facts, your tax bill could easily double or triple quickly. This is the one thing that you don't need hanging in your head to worry about. There are bigger things to worry about in today's reality.

If you have any questions, please feel free to email [kristhetaxlady@gmail.com](mailto:kristhetaxlady@gmail.com). The questions will be answered either privately or in the column.

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