



Common Myths about Income Tax Extensions

The IRS doesn't like it when people file for tax extensions, and they'll probably turn me down if I don't have a really good reason.

This is incorrect. The IRS automatically grants a 5- or 6-month extension to *anyone who fills out the form correctly*. They don't even ask you why — because it doesn't matter to them. Many taxpayers (both individuals and businesses) routinely file for tax extensions every year just to ensure accurate, advantageous returns.

A tax extension will make me more likely to be audited.

Quite to the contrary. Statistically speaking, your chances of an audit may actually be *lower* when you file for a tax extension. Many people believe that IRS agents are required to audit a certain number or percentage of tax returns every year, but they typically fill their quotas well before the October extended filing deadline. (The IRS won't tell anyone their audit secrets, though).

I'll be stuck waiting until October to file my taxes, even if I'm ready in June or July.

Not true. You can actually file your income tax return any time before the due date — whenever you're ready (although the IRS usually starts accepting returns in January). You can even submit your return before the original April filing deadline (March for businesses) if you have all your paperwork in order by then.

Nobody else does it.

On the contrary, more than 10 million taxpayers file for tax extensions every year! They are so common that even most State governments will automatically grant you a state tax extension if you have an approved Federal extension. A tax extension is a simple and straightforward way to give yourself more time to file the best possible tax return.

Isn't the whole point of getting a tax extension is so that you don't have to pay right away?

Unfortunately, no. A tax extension gives you the time you need to prepare a completely accurate tax return, but the IRS will not wait six months to receive the taxes you owe. If your tax return comes out better than you had expected, you may get a tax refund. If it comes out worse than expected, you will have to pay the additional tax due to the IRS. Despite what you may or may not owe, you are still required to pay by the original filing deadline. Filing a tax extension gives you six extra months to file your tax return (5 months for certain business entities) **But if you owe taxes, the IRS requires that you still pay by the original due date of your return** (typically April 15 for individuals and March 15 for businesses).