

March 2020 TaxInsight



Do You Have a Balance Due?

If planned correctly, tax time shouldn't have to be unpleasant. I can help you with that. If you wind up with a balance due, however, you have several options to pay your tax debt.

Pay the balance due. If you can pay either directly or via credit card, you can simply pay your tax bill and be done with it. However, if your tax bill is greater than \$1,000, you might owe an underpayment penalty.

File a return or extension and pay what you can. While filing a return or an extension does not extend the time to pay, it can help you avoid a failure-to-file penalty. The extension of time to file will give you an extra six months (generally until October 15). The underpayment penalty and interest accrue until the amount is paid. If you can't pay the full amount by the extension date, you can request an installment agreement.

Request an Installment Agreement. With this option, you file your return and attach Form 9465, *Installment Agreement Request*. The IRS will notify you if the request is approved or denied. The fee for an installment agreement varies on the method of payment. The agreement allows monthly payments on the balance due. If you owe \$50,000 or less, you may be able to avoid filing Form 9465 and establish an installment agreement online, even if you haven't yet received a tax bill. Repayment periods can be up to 72 months.

Extension of time to pay. In rare instances, a taxpayer can request an extension if faced with an undue hardship (generally, a federally declared disaster, terrorist act, or

military action). In these cases, the IRS will waive the penalty, but not the interest.

Penalties. When taxes aren't paid on time, the IRS may assess penalties. If you believe you are subject to a penalty, I can help calculate the amount.

Come see me to file a timely return, and we can plan your 2020 withholding so the 2021 tax season is a breeze!

Tax Return Due Dates

- Partnerships and S Corporations – March 16
- Individuals, Trusts and Estates, and C Corporations – April 15
- Extended due date for Partnerships and S Corporations – Sept. 15
- Extended due date for Trusts and Estates – Sept. 30
- Extended due date for Individuals and C Corporations – Oct. 15

Tax Notes

There's a new kid on the block—Form 1040-SR. This two-page form, which can be filed by taxpayers aged 65 or older, is designed to report the most common types of income for seniors. If you're married, either spouse can qualify you to file this simpler form.

Did You Know?

March 9 is a super moon. A super moon is when the moon is at a close approach to the earth and may look larger than usual. Early Americans referred to this full moon as the Full Worm Moon, because the soil begins to thaw, and earthworms begin to appear. The Full Worm Moon is the second of four super moons happening in 2020. Keep your eyes on the sky!

Quote Corner

"Spring work is going on with joyful enthusiasm."

~ John Muir

