



Solace for the Non Filer

Has it been awhile since you filed a tax return? Don't know what to do? Don't despair, but also, don't procrastinate any longer! Lost paperwork can be reconstructed. If you owe, go ahead and file so you stop the largest of all penalties: the late filing penalty, which is 5% a month for the first five months you're late (total penalty is 25%)! You also pay interest on the penalty.

Whether you are due a refund or you owe the IRS, the longer you wait, the more costly it is. If you are due a refund and you take more than three years to file, you lose your refund. If you owe and you don't file, there are penalties and interest added onto your bill and the IRS has until eternity to collect. Once you file, the IRS has 10 years to collect. You want the 10-year time clock to start... it's better than the forever time clock!

The IRS will not negotiate a payment plan with you if you are not caught up on filing all your tax returns. A professional can help you get caught up and tell you if you qualify for a payment plan, offer-in-compromise, or other option for payment.

The author, Kaye Alvarez, is an enrolled agent, federally authorized to represent taxpayers before the IRS for income taxes, audits, collections, and appeals.