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THE TAX LAWYER

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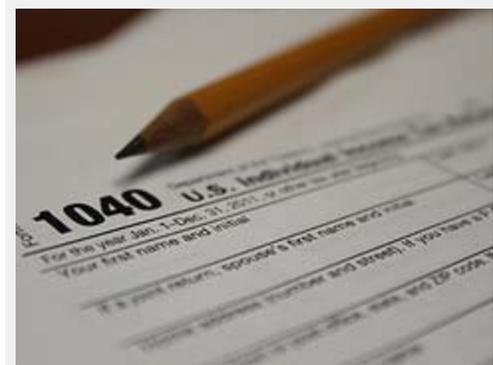
Not Ready to File Taxes? Extensions Are Better Anyway!

We're used to meeting deadlines. You may feel guilty when you get that automatic reprieve. Don't. There's no shame in an extension. Millions are processed every year. Everyone with an April 15 deadline can get **six extra months** by filing (electronically or by mail) a tiny form that doesn't even require a signature.

Use the time to gather records, consider reporting alternatives and get professional advice. After all, tax returns are filed under penalties of perjury. File accurately so you don't have to amend later.

While there are times you may want to amend, use amended returns sparingly. Amended returns are much more likely to be scrutinized. See [5 Simple Rules to Follow When Amending Your Tax Return](#). File once correctly so you don't have to do it again.

Extensions used to be four months, with two more if you had a good reason. Now automatic extensions are six months. But the extension is to **file**, not to **pay**. Make your payment and use the time to make your return accurate and complete.



Form 1040 (Photo credit: Philip Taylor PT)

You may be waiting for Forms K-1, gathering documents or seeking professional advice. If there are debatable points on your return—such as whether a lawsuit recovery is ordinary or capital—get some professional advice. See [Don't Fail To Consider Taxes When Settling Litigation](#).

To extend, you can mail a [Form 4868](#), ask your return preparer, use TurboTax or other commercial software, or do it yourself electronically. Go to IRS.gov and click: [Application for Automatic Extension of Time To File U.S. Individual](#). For more IRS guidance, see [IRS Tax Topic 304 Extensions of Time to File Your Tax Return](#).

And what about audit risk? Do you increase audit risk by going on extension? Many taxpayers worry about [IRS audit](#) risk. Opinions vary and there are many old wives tales about what triggers an audit. So does going on extension increase your audit risk?

Probably not, but opinions vary. In fact, you might even **reduce** your audit risk by an extension. See [Does Going On Return Filing Extension Increase IRS Audit Risk?](#) There's no proof for either view.

The IRS releases data about audit rates based on income levels and types of tax returns. They do not, however, release data about whether going on extension increases or decreases your chances. Just go on extension if you need the time.

*Robert W. Wood practices law with [Wood LLP](#), in San Francisco. The author of more than 30 books, including *Taxation of Damage Awards & Settlement Payments* (4th Ed. 2009 with 2012 Supplement, [Tax Institute](#)), he can be reached at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.*