



Robert W. Wood

THE TAX LAWYER

TAXES 05/10/21

Taxes Are Due May 17, Four Reasons To Extend To October 15

Tax day this year [was extended till May 17](#), but with that right around the corner, are you ready to file? Many mistakes happen when people are in a hurry, and tax returns are important. Each one must be signed under penalties of perjury. So instead of rushing to file your taxes, you can go on extension. It is automatic on request, and incredibly easy to do, millions are processed every year. You can extend with a simple [Form 4868](#) which doesn't even have to be signed. You can do it yourself or your tax return preparer can do it for you. You can read more from the IRS about an [extension of time to file](#). Note, however, what this magical little form does *not* do. The extension gives you extra time to file your tax return, it is not an extension of time to *pay* your taxes. Thus, you need to pay by May 17 what you expect to owe when you actually file your taxes later in the year, anytime up until October 15th. Are there good reasons to take the extension? You bet. Here are four.



1. Extending avoids mistakes. Use the time to gather records, consider reporting alternatives, and get professional advice. File accurately the first time so you don't have to amend later. Amended returns often come about because people are rushing and make mistakes, sometimes big ones. Although there are times you may want or need to amend, use amended returns sparingly. Amended returns are more likely to be audited. File once correctly so you don't have to do it again.

2. Extending allows for corrected Forms 1099 and K-1. 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 legal recovery is taxable or not or is ordinary or capital, get some professional advice. But even if you have all your forms and are ready, what if you receive a K-1 or 1099 *after* you file? The earlier you file, the greater the risk you will receive corrections. Going on

extension makes it less likely that you will be surprised by a tardy corrected K-1 or 1099. File once and file correctly.

3. There's no increased audit risk. Audit risk is one of those perennial questions that is tough to answer. Do you increase audit risk by going on extension? Many taxpayers worry about risk, but there is no data suggesting that extending impacts your likelihood of audit. 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.

4. It's easy and flexible. To extend, you can mail a [Form 4868](#), ask your return preparer, use commercial software, or do it yourself electronically. The extension is automatic and the IRS doesn't have to approve it, there is no discretion involved. You just get the extra time. You may not need all that time, and once you extend, you can file whenever you would like between May 17 and October 15. Time is on your side with an extension, and tax returns, it bears stressing, are important. Even if you do not prepare your own, you should read and understand the return to the best of your ability so you can sign it under penalties of perjury. You should review it before signing, and alert the return preparer to any mistakes you discover.

Check out my [website](#).