



Crystal Clear Tax Solutions Inc

“Helping you put the pieces together”

17460 Shelley Ave. Sandy, OR 97055 503.563.7661 www.crystalcleartax.com

EXTENSION EXPLAINED (FAQs)

This is a simplified explanation of what it means to file an extension for your personal or business tax returns.

EXTRA TIME

Filing an extension gives you an extra 6 months to complete and **file** your tax returns. If the original due date of the return is April 15, after filing an extension you will have until October 15 to file and have your tax returns considered filed on time.

WHAT HAPPENS IF I FILE AFTER THE DUE DATE?

If you file after the due date without an extension, or you file after the extended due date, your tax returns will be late. This means you will be subject to the failure-to-file penalty. The late filing penalty is assessed on the tax due on the returns. The rate of penalty depends on the return and how late it is. For IRS and Oregon the penalties range from 5% to 100% of the tax due. This penalty is separate from the failure-to-pay penalty and it does accrue interest.

This is why we recommend that you file an extension, even if you are going to owe and cannot pay your tax. At least you can avoid the failure-to-file penalty!

WHAT HAPPENS IF I FILE LATE BUT DON'T OWE ANY TAXES?

There is usually no penalty for filing your tax return late if you are due a refund, however, refunds are only issued for 3 years from the filing due date – so don't delay. As always, we recommend you get individualized advice regarding any failure-to-file penalty you may be assessed.

WHAT AN EXTENSION DOES NOT DO

An extension does **not** give you any extra time to pay taxes you owe. If you owe taxes, the money is still due on the original due date, which for most taxpayers is April 15. If you owe taxes on an extended tax return and have not paid on or before the original due date, you will pay a failure-to-pay penalty and interest. This is why we recommend that you **pay any tax you expect to owe with your extension request**. Filing an extension through Crystal Clear Tax Solutions Inc does not guarantee you a spot for tax preparation. Our tax preparation services fill up quickly and separate arrangements must be made for this. If your return has not started preparation with us or been dropped off prior to June 30, there is a possibility that we may have to turn you away.

SEE OTHER SIDE FOR PAYING TAXES



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HOW DO I PAY TAXES I OWE BEFORE I FILE?

If you file an extension and think you will owe taxes, you should make an extension payment. We will provide you with payment vouchers to mail with checks. These may be provided in hardcopy (printed and handed to you) or via the portal for download. You can also pay Oregon through their website: Oregon.gov/dor. You will need to login or create an account using their Revenue Online service. For federal taxes you can pay through IRS.gov. Search for direct pay, and follow the on screen instructions. Be sure to choose the correct tax year, return type (1040 for most taxpayers) and extension payment for the payment type. In some cases we can help you make an online payment.

HOW MUCH SHOULD I PAY?

You might not know how much you are going to owe, and that's ok. You can avoid the failure-to-pay penalty by paying 100% of the tax shown on your prior year's tax return. We can help you figure out that number. If the amount you pay is too little, you will still have tax to pay and interest but will not owe the penalty. If you pay too much, you will get a refund. In some cases, you will know the approximate amount of tax you are going to owe based on the information available. If that applies to you, we recommend that you pay the amount you expect to owe.

HOW DO I FILE AN EXTENSION?

If you need extra time to prepare and file your taxes you can obtain an extension in one of the following ways: 1. Engage our services for an extension. You will fill out and sign paperwork giving us the ability to file the extension on your behalf. We charge a flat fee for this service (subject to change each year). 2. Download the appropriate form from IRS.gov, fill it out and mail it (with your payment) according to the instructions that come with the form. Most taxpayers will use Form 4868, however, businesses and other entities use different forms. Oregon accepts the federal form, however, if you need to pay Oregon, use form OR-40-V which can be downloaded from Oregon.gov/dor.



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