



Tax Tips for Procrastinators



Are you a last-minute sort of person? In school, did you wait to hand in papers, spending the whole night before making sure there were no typos and your citations were correct? Do you wait until you run completely out of something before you head to the store to replace it? Do you wait until the *morning* of April 15 to file your taxes?

It's okay. We're not going to be that classmate wagging our finger at you about being such a procrastinator. You aren't the only one. Every year, nearly one-fourth of Americans who filed their taxes on time did so within the last two weeks before the deadline, according to the IRS.^{1,2}

To help make tax time less stressful—we're sharing their stories as well as our tips to help you tackle tax season.

You *Have* to File

Let's get one thing straight right off the bat: **Ignoring your tax obligation won't make it go away.** Olga M. made that mistake twice and vows never to let it happen again: "For the past two years we have filed on October 15, late. Why? Because I've been unorganized and haven't prioritized. The results? I've wasted \$150–200 in interest."

The deadline to file your 2019 tax return for most taxpayers is April 15, 2020. So mark your calendars *now!*³ However, if you don't file by then, here's what will happen:

- **If you're getting a refund:** You won't be penalized for failing to file—but Uncle Sam won't give you your money until you do. You have three years from the original deadline to file and still receive your refund.⁴ If you don't file by then, you can kiss your refund goodbye.
- **If you owe taxes:** You'll be charged a late-filing penalty of 5% of the taxes owed for each month—or part of a month—that your return is late, up to a maximum of 25%. The IRS also charges a late-payment penalty and interest on your unpaid taxes starting the date payment is due, even if you filed an extension.⁵



So, what if you can't pay your tax bill and didn't file an extension? Work with one of our Tax Advisors to file as soon as possible! Why? Because the late-filing penalty can be 10 times more than the late-payment penalty. The sooner you file, the less you'll have to pay!

Get Organized

We know tracking down paperwork isn't the most relaxing way to spend your free time. But it's a necessary part of filing your taxes—so why not go ahead and just get it out of the way? We promise you'll feel better when it's done.

Here are a few of the documents you may need to gather:

- W-2 forms
- 1099 forms
- Mortgage interest statements
- Receipts for tax credits or deductions like charitable giving, childcare, and education costs

While you're at it, start a folder for next year's taxes and file documents as you receive them throughout the year. This tip helped Rachel H. She said, "We've procrastinated year after year. The biggest lesson learned? I need to set up a filing system to keep the receipts I want to find for tax purposes."

Waiting Can Cost You Money

The clock is ticking. You can hear it. You can *feel* it. So, in order to just be done with it, you take the standard deduction, because *who has time to itemize?* And honestly, the Tax Cuts and Jobs Act (aka the 2018 tax reform bill) just about doubled the standard deduction, so it may not make sense for everyone to itemize their deductions.

But it *is possible* that your expenses in these categories add up to more than your standard deduction, which would make itemizing your best bet. Why? Because every deduction you claim reduces the amount of income you're taxed on, lowering your tax bill.

Want help itemizing your deductions? Ask one of ABL&Co's experienced Tax Advisor for advice. But keep in mind that the longer you wait, the harder it may be to get someone to help. All the good ones may be booked through the end of tax season.

Get an Extension

Start now, and you should have plenty of time to file your taxes. If you're missing documentation, however—or something other than procrastination keeps you from hitting the deadline—you can request a six-month extension. Simply fill out IRS Form 4868 and submit it to the IRS by April 15.⁶



Just be aware that an extension doesn't buy you more time to *pay* your tax bill. It simply gives you more time to file. When you request an extension, you must estimate your tax liability (if any) and send payment with your request. If you don't, you'll be charged penalties and interest on the amount you owe after April 15.

Can't cover it all by the deadline? *Pay as much as you can* when you file for an extension and try to knock out the balance before the IRS contacts you, which usually takes 30–60 days. If you can't pay it off by then, the IRS will likely allow you to pay the rest in monthly installments.

Sources: <https://www.daveramsey.com/blog/tax-tips-for-procrastinators>

1. <https://www.irs.gov/newsroom/filing-season-statistics-for-week-ending-april-6-2018>
2. <https://www.irs.gov/newsroom/filing-season-statistics-for-week-ending-april-6-2018>
3. <https://www.irs.gov/newsroom/irs-kicks-off-2019-tax-filing-season-as-tax-agency-reopens-use-irsgov-to-avoid-phone-delays>
4. <https://www.irs.gov/individuals/dont-lose-your-refund-by-not-filing>
5. <https://www.irs.gov/newsroom/important-facts-about-filing-late-and-paying-penalties>