

An Extension to File your Tax Return is Not an Extension to Pay Tax!

If you need more time to file your 2013 income tax return, you can get an extension - and no explanation is necessary. If you have engaged The Mangold Group to prepare your income tax return, the firm will file the extension for you.

Reasons to file an extension vary. For instance, you might want to hold off funding a retirement plan such as a Keogh or SEP until you can save more money. Perhaps you are waiting for a tax form from a trust, a partnership, or an S corporation. Whatever the reason, you can have until October 15, 2014, to finalize your return - assuming you follow the rules.

The IRS extension form (generally Form 4868 for an individual tax return) asks for the total tax liability for 2013, the amount you have already paid in withholding or estimated payments, and the balance you will pay with the extension filing. The extension request form must be filed by April 15th. If you owe taxes, you can pay with an electronic funds transfer, your credit card, or a check.

Requesting an extension for your personal return also gives you additional time to file a gift tax return for 2013. The gift tax return extension is automatically included. You do not even have to check a box. However, if you owe gift tax (or generation skipping transfer tax), or are requesting an extension only for a gift tax return, you will need to use Form 8892.

One more quirk: If you live and work outside the United States, you may qualify for an automatic two-month extension of time to file without having to send in a form. If you are out of the country and expect to meet the requirements for foreign tax exclusions or deductions after April 15, you might need to file Form 2350.

If you need help, please call our office or email inquiries@mangoldcpa.com. Many people have circumstances that require complex reporting and are impacted by changing tax laws. We have the expertise and best resources in the industry to provide clients the optimum tax benefits. If you are paying too much tax, an evaluation of tax planning opportunities may save you taxes next year.

To receive tax tips and current financial information designed to help businesses and individuals, follow The Mangold Group on LinkedIn, Facebook, or Twitter.