



What Does Filing An Extension Mean?

What does filing an “extension” do?

- An extension is a form filed with the IRS and state to request additional time to file your individual income tax return. The extension period is 6 months, which extends the due date for submitting your 2017 final returns from April 17, 2018 to October 15, 2018.
- Filing an extension grants you additional time to submit your complete and accurate return, but you still need to estimate whether you will owe any taxes and pay that estimated balance by April 17, 2018.
- Extending your return allows you and us more time to prepare your taxes to ensure filing of an accurate tax return. In many cases, you may still be waiting for additional information (e.g., Schedule K-1, corrected 1099s, etc.) to complete your return.

Why do we suggest extending your tax return?

- If we have recommended that you file an extension, it may be due to several reasons, such as:
 - The volume of data or complexity of certain transactions (e.g., the sale of a rental property) on your return requires additional time.
 - The amount of time remaining in filing season is limited for us to complete client returns by April 17, 2018, due to late-arriving information received from numerous clients.
- Many CPAs have a “cut off” or deadline for clients submitting their tax information, so they can plan their workload to ensure all client returns and extensions are completed by April 17, 2018.

Am I more likely to be audited if I extend?

- Extending will NOT increase your likelihood of being audited by the IRS.
- It is better to file an extension rather than to file a return that is incomplete or that you have not had time to review carefully before signing.

What are the primary benefits of extending my tax return?

- It provides for additional time to file returns without penalty when you are waiting for missing information or tax documents (such as corrected 1099s, and etc.). Just remember that an extension provides additional time to file, but not additional time to pay. Penalties may be assessed if sufficient payment is not remitted with the extension.
- You may qualify for additional retirement planning opportunities or additional time to fund certain types of retirement plans (e.g., SEP IRA).
- It is often less expensive (and easier) to file an extension than it is to amend your return later.

Should I do anything differently if I am filing an extension or “going on extension”?

- No, you still should give us whatever information you have as early as possible or as soon as it becomes available.
- Expect to pay any anticipated taxes owed by April 17, 2018. You still need to submit all available tax information to us promptly so we can determine if you will have a balance due or if you can expect a refund.
- If you are required to make quarterly estimated tax payments, your first quarter estimated tax payment is still due April 17, 2018. We may recommend that you pay the balance due for 2017 tax obligations *and* your first quarter 2018 estimated tax payment with your extension.
- If you are anticipating a large refund, chances are we will likely try to get your extended return done as soon as possible once all tax information is available. We may also want to discuss tax planning opportunities with you so that in future years, you don't give the IRS an interest-free loan all year!

Is there anything I can do to avoid filing an extension if I know I am missing some information now?

- If you already know you will be waiting until the last minute for one or two documents, you may be able to minimize the chance of having to file an extension by providing all other available documents to us as soon as you receive them. By doing so, we can prepare a draft return for you to review and discuss in advance. We may be able to add the missing piece of data or last-minute information and still be able to complete your returns by April 17, 2018 (depending on our workload).