

My CPA says, 'extend.' What does that mean to me?

What does filing an "extension" do?

- An extension is a form filed with the IRS to request additional time to file your federal tax return. The extension period is six months, which extends the due date for submitting your individual return to October 16.* In many states, filing an extension with the IRS will automatically extend the time to complete a state income tax return, but some states still require a separate extension form.
- 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 the original due date.*
- Extending your return allows you and your CPA more time to prepare your tax return to ensure the filing of an accurate tax return. In many cases, you may still be waiting for additional information (e.g., Schedules K-1, corrected Forms 1099, etc.) to complete your return.

Why does my CPA suggest we extend my tax return?

- If your CPA has recommended that you file an extension, it may be due to many reasons, such as:
 - The volume of data or complexity of certain transactions (e.g., sale of a rental property) on your return requires additional time.
 - The amount of time remaining in filing season is limited for the CPA to complete client returns by the due date* due to late-arriving information.
- Many CPAs have a "cutoff" or deadline for clients submitting their tax information so they can plan their workload to ensure all client returns and extensions are completed by the due date.*
- Your CPA may suggest filing an extension if there are aspects of your return affected by pending guidance or legislation.

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 than to file a return that is incomplete or that you have not had time to carefully review before signing.

* The federal filing deadline for 2022 individual returns is April 18, 2023. The extension deadline for those returns is Oct. 16, 2023.

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 Forms 1099). Just remember that an extension provides additional time to file, but no additional time to pay. Penalties and interest 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 rather than rushing and possibly needing 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 your CPA whatever information you have as early as possible or as soon as it becomes available.
- Expect to pay any anticipated taxes owed by the due date.* You still need to submit all available tax information to your CPA promptly to be able to determine if a payment may be due with the extension.
- If you are required to make quarterly estimated tax payments, individual first quarter estimated tax payments are due April 18.* Your CPA may recommend you pay the projected balance due for last year and your first quarter estimated tax payment for this year with your extension. This helps reduce the risk of having a balance due when your return is ultimately filed and any overpayment can be applied to your current year estimated tax.
- If you are anticipating a large overpayment that you will want refunded, your CPA will likely try to complete your extended return as soon as possible once all tax information is available. Your CPA 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. If you pay estimated tax payments, you should consider any anticipated overpayment on your current return when calculating quarterly estimates.

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

- If you know you will be waiting until the last minute for one or two documents, you may be able to reduce the chance of having to file an extension by providing all other available documents to your CPA as soon as you receive them. By doing so, your CPA can prepare a draft return for you to review and discuss in advance. And your CPA may be able to add the missing piece of data or last-minute information and complete your returns by the original due date.

Have there been any changes to the due dates of returns for this year?

- At this time, there have been no changes to the due dates for tax year 2022.
- For taxpayers impacted by disasters, see [Tax Relief in Disaster Situations](#).

* The federal filing deadline for 2022 individual returns is April 18, 2023.

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