



Five Tax Issues to Worry About After April 15th

1. The **failure-to-file penalty** is approximately 5% of your unpaid tax bill for every month, or part of a month, you're late. The penalty begins April 16 and the maximum penalty is 25% of your original tax bill. For example, an individual owes \$2,500 and doesn't file the return until August 31st, they would incur a failure-to-file penalty of \$563 + \$17.42 in interest on that amount.
2. The **failure-to-pay penalty** is 0.5% of your unpaid taxes for every month, or part of a month, you don't pay. Same example from above, an individual that owes \$2,500 and doesn't file the return until August 31st, would incur a failure-to-pay penalty of \$163 if 90% of the total tax bill hasn't been paid.
3. The **monthly interest on the balance** of \$2,500 would equal \$77 by the end of August. Combine, the new balance between the penalties and interest would equal \$3,320.00 which represents an increase of 33% over the original balance owed in just four months!
4. **Headache Doesn't Stop with Federal Government.** Taxpayers tend to be more concern about the Federal liability that they forget about their State's liability. Most State laws require the Taxation Department to assess interest on any balance of unpaid tax. Interest charges can exceed much more than 2% in some states.
5. A **Federal Tax Lien** being levied (destroys the credit) should be expected if unable to pay or qualify for IRS programs. The IRS can garnish wages, bank accounts, Social Security benefits and even retirement income to recoup unpaid taxes.



EMAIL or CALL TODAY!

www.xnefinance.com

xepps@xnefinance.com

202.841.4713 (CELL) 703.563.9272 (FAX)