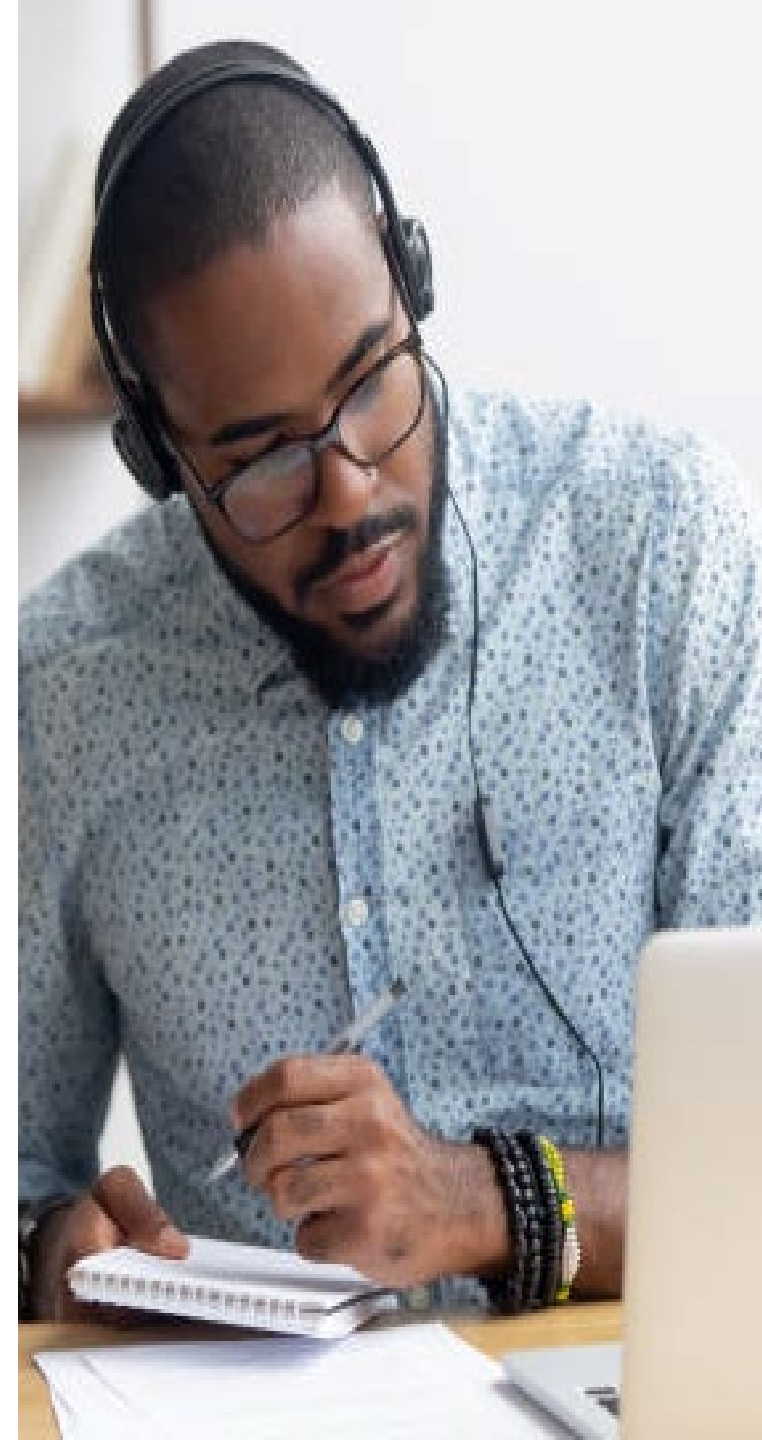


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UNDERSTANDING IRS TAX FILING EXTENSIONS

A Comprehensive guide for Tax Professionals
By: John Mitchell
April 04, 2024

The presenter:

John A Mitchell, LLB, MST, EA, NTPI Fellow®

- ▶ John has over 30 years' experience in taxation, having started by preparing 1989 tax returns “by hand” in the 1990 filing season.
- ▶ John currently specializes in tax controversy with the Internal Revenue Service (IRS) working with examinations, collections, appeals, and Chief Counsel. He holds a law degree as well as a Master of Science in Taxation.
- ▶ John speaks Spanish at a “Native Speaker” level of proficiency. He is a husband, father of two, stepfather of two and grandfather of two. In his down time, he enjoys music, books, movies and spending time with family.
- ▶ **Bar Admissions/Licensing:**
 - Mexico – Attorney at Law
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- ▶ **Organizations:**
 - National Association of Tax Professionals (NATP)
 - National Association of Enrolled Agents (NAEA)
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 - American Institute of Certified Public Accountants (AICPA)
 - American Bar Association (ABA) Tax Section
- ▶ **Publications:**
 - Tax Pro Journal
 - EA Journal
- ▶ **Media Appearances:**
 - NowMedia Network – BizTalk Program – On-air contributor as a subject-matter expert in tax
 - NowMedia Network – Vision Empresarial (Spanish) – On-air contributor as a subject-matter expert in tax
 - NowMedia Network – Legal Talk with John Mitchell – Television Talk Show Host
 - Tax Pro Podcast – A tax-focused podcast for Circular 230 tax professionals – Coming Summer 2024!

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The information provided on this presentation does not, and is not intended to, constitute legal or tax advice; instead, all information, content, and materials included in this presentation are for general informational purposes only.

No attorney-client relationship is established.

Introduction

- ▶ This one-hour continuing education course is designed to provide tax professionals with a thorough understanding of IRS tax extensions, including their purpose, procedures for requesting extensions, implications for taxpayers, and best practices for assisting clients in navigating extension requests.
- ▶ Participants will gain practical knowledge to effectively guide clients through the extension process and ensure compliance with IRS regulations.



Attendance Check #1

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Importance of Understanding Extensions

- ▶ Understanding IRS tax filing extensions is crucial for tax professionals for several reasons:
- ▶ **Compliance:** Tax professionals need to ensure that their clients comply with IRS regulations and meet filing deadlines
- ▶ **Client Service:** Providing comprehensive guidance on tax extensions enhances client service.
- ▶ **Penalty Avoidance:** Late filing penalties imposed by the IRS can be significant and can accrue rapidly.

Importance of Understanding Extensions

- ▶ **Tax Planning:** Tax extensions can also play a role in tax planning strategies.
- ▶ **Risk Management:** Failure to file taxes on time can have serious consequences for both clients and tax professionals.
- ▶ **Reputation:** Providing accurate and timely advice on tax matters is essential for maintaining a positive reputation as a tax professional.

What are IRS Tax Filing Extensions?

- ▶ **Definition of tax extensions:** Tax extensions are provisions that allow taxpayers to delay filing their tax returns beyond the original deadline set by the IRS, typically granting an additional six months for individuals and businesses to prepare and submit their returns.
- ▶ **Purpose and significance in the tax filing process:** Tax extensions serve as a valuable tool for taxpayers who require additional time to gather necessary documents, review financial information, and ensure accuracy in their tax returns, helping to prevent errors, reduce stress, and avoid penalties for late filing.

Legal Basis for Tax Extensions

- ▶ Internal Revenue Code (IRC) Section 6081
- ▶ *“The Secretary may grant a reasonable extension of time for filing any return, declaration, statement, or other document required by this title or by regulations. Except in the case of taxpayers who are abroad, no such extension shall be for more than 6 months.”*



Attendance Check #2

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Applicable Treasury Regulations

- ▶ 26 CFR § 1.6081-1 – Extension of time for filing returns.
- ▶ 26 CFR § 1.6081-2 – Automatic extension of time to file certain returns filed by partnerships.
- ▶ 26 CFR § 1.6081-3 – Automatic extension of time for filing corporation income tax returns.
- ▶ 26 CFR § 1.6081-4 – Automatic extension of time for filing individual income tax return.
- ▶ 26 CFR § 1.6081-5 – Extensions of time in the case of certain partnerships, corporations and U.S. citizens and residents.
- ▶ 26 CFR § 1.6081-6 – Automatic extension of time to file estate or trust income tax return.
- ▶ 26 CFR § 1.6081-7 – Automatic extension of time to file Real Estate Mortgage Investment Conduit (REMIC) income tax return.
- ▶ 26 CFR § 1.6081-8 – Extension of time to file certain information returns.
- ▶ 26 CFR § 1.6081-9 – Automatic extension of time to file exempt or political organization returns.
- ▶ 26 CFR § 1.6081-10 – Automatic extension of time to file withholding tax return for U.S. source income of foreign persons.
- ▶ 26 CFR § 1.6081-11 – Automatic extension of time for filing certain employee plan returns.

Internal Revenue Manual (IRM) Provisions

- ▶ 3.11.212 Applications for Extension of Time to File
- ▶ 3.11.212.8 Processing Form 7004, Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns
- ▶ 3.11.212.9 Processing Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return

Types of Filing Extensions

- ▶ Individual tax extensions (Form 4868)
- ▶ Business tax extensions (applicable forms)
- ▶ Extension duration: up to six months

Requesting Filing Extensions

- ▶ Procedures for requesting extensions
- ▶ Deadline for submitting extension requests
- ▶ Electronic and paper filing options



Attendance Check #3

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Payment of Taxes

- ▶ Importance of estimating and paying taxes by the original deadline
- ▶ Impact of unpaid taxes on extensions



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Preparing Clients for Extensions

- ▶ Gathering necessary documents and information
- ▶ Estimating tax liabilities
- ▶ Best practices for assisting clients

Penalties and Interest

- ▶ Overview of penalties for late filing and payment
- ▶ Strategies to minimize penalties and interest

Communications with Clients

- ▶ Effectively conveying information about tax extensions
- ▶ Addressing client questions and concerns

Q&A

If you have any questions or concerns regarding this presentation, please contact the education department at education@naea.org.



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