



News Release

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Tax-filing and Payment Extensions Expire Oct. 15; Check Eligibility for Overlooked Tax Benefits; Choose e-file; Payment Options Available

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WASHINGTON — The Internal Revenue Service today urged taxpayers whose tax-filing extension runs out on Oct. 15 to double check their returns for often-overlooked tax benefits and then file their returns electronically using IRS [e-file](#) or the [Free File](#) system.

Many of the more than 11 million taxpayers who requested an automatic six-month [extension](#) this year have yet to file. Though Oct. 15 is the last day for most people, some still have more time, including members of the military and others serving in Iraq, Afghanistan or other [combat zone](#) localities who typically have until at least 180 days after they leave the combat zone to both file returns and pay any taxes due. People with extensions in parts of [Louisiana](#) and [Mississippi](#) affected by Hurricane Isaac also have more time, until Jan. 11, 2013, to file and pay.

Check Out Tax Benefits

Before filing, the IRS encourages taxpayers to take a moment to see if they qualify for these and other often-overlooked [credits and deductions](#):

- Benefits for low-and moderate-income workers and families, especially the Earned Income Tax Credit. The special [EITC Assistant](#) can help taxpayers see if they're eligible.
- Savers credit, claimed on [Form 8880](#), for low-and moderate-income workers who contributed to a retirement plan, such as an IRA or 401(k).
- American Opportunity Tax Credit, claimed on [Form 8863](#), and other [education tax benefits](#) for parents and college students.

E-file Now: It's Fast, Easy and Often Free

The IRS urged taxpayers to choose the speed and convenience of electronic filing. IRS e-file is fast, accurate and secure, making it an ideal option for those rushing to meet

the Oct. 15 deadline. The tax agency verifies receipt of an e-filed return, and people who file electronically make fewer mistakes too.

Everyone can use Free File, either the brand-name software, offered by IRS' commercial partners to individuals and families with incomes of \$57,000 or less, or online fillable forms, the electronic version of IRS paper forms available to taxpayers at all income levels.

Taxpayers who purchase their own software can also choose e-file, and most paid tax preparers are now required to file their clients' returns electronically.

Anyone expecting a refund can get it sooner by choosing direct deposit. Taxpayers can choose to have their refunds deposited into as many as three accounts. See [Form 8888](#) for details.

Quick and Easy Payment Options

For unemployed workers who filed [Form 1127-A](#) and qualified to get an extension to pay their 2011 federal income tax, Oct. 15 is also the last day to pay what they owe, including interest at the rate of 3 percent per year, compounded daily. Doing so will avoid the late-payment penalty, normally 0.5 percent per month.

Taxpayers can e-pay what they owe, either online or by phone, through the [Electronic Federal Tax Payment System](#) (EFTPS), by [electronic funds withdrawal](#) or with a [credit or debit card](#). There is no IRS fee for any of these services, but for debit and credit card payments only, the private-sector card processors do charge a convenience fee. For those who itemize their deductions, these fees can be claimed on [Schedule A](#) Line 23. Those who choose to pay by check or money order should make the payment out to the "United States Treasury".

Taxpayers with extensions should file their returns by Oct. 15, even if they can't pay the full amount due. Doing so will avoid the late-filing penalty, normally five percent per month, that would otherwise apply to any unpaid balance after Oct. 15. However, interest and late-payment penalties will continue to accrue.

Fresh Start for Struggling Taxpayers

In many cases, those struggling to pay taxes qualify for one of several relief programs, including those expanded earlier this year under the IRS ["Fresh Start" initiative](#).

Most people can set up a payment agreement with the IRS on line in a matter of minutes. Those who owe \$50,000 or less in combined tax, penalties and interest can use the [Online Payment Agreement](#) to set up a monthly payment agreement for up to six years or request a short-term extension to pay. Taxpayers can choose this option even if they have not yet received a bill or notice from the IRS.

Taxpayers can also request a payment agreement by filing [Form 9465-FS](#). This form can be downloaded from IRS.gov and mailed along with a tax return, bill or notice.

Alternatively, some struggling taxpayers qualify for an [offer-in-compromise](#). This is an agreement between a taxpayer and the IRS that settles the taxpayer's tax liabilities for less than the full amount owed. Generally, an offer will not be accepted if the IRS believes the liability can be paid in full as a lump sum or through a payment agreement. The IRS looks at the taxpayer's income and assets to make a determination regarding the taxpayer's ability to pay.

Details on all filing and payment options are on IRS.gov.