



# TALKPOINTS FOR MANAGERS

## Federal Employee Tax Compliance Responsibilities



### Key Messages

- All federal employees should file and pay their federal, state and local income taxes accurately and on time whether they owe additional tax or are receiving a refund (Federal Standards of Ethical Conduct - 5 C.F.R. 2635).
- Report taxable income from all sources for yourself and your spouse (if filing a joint return), such as state tax refunds, unemployment benefits, interest, dividends, gambling and self-employment income, etc.
- Have the proper amount of tax withheld or timely make estimated tax payments.
- Include all required information (W-2s, schedules, SSNs, etc.) with your tax return.
- Review your return for accuracy and keep good records of all tax-related documents.
- Visit [IRS.gov](https://www.irs.gov) for filing and payment information.

### Background

Since Congress and the public expect federal employees to demonstrate the highest degree of integrity in tax matters, all federal employees are expected to meet their tax compliance responsibilities. Tax compliance is comprised of three obligations:

1. **Filing Compliance** – Timely filing of all tax returns.
2. **Reporting Compliance** – Full and accurate reporting of all income, expenses and deductions.
3. **Payment Compliance** – Full payment of all taxes when due.

### Things Employees Must Do

Employee tax compliance means you must meet all your tax obligations in full and on time by the April due date. You are responsible for ensuring your return is filed accurately and timely, even if someone else prepares it. To be compliant, you must do the following:

- » File your tax return by the April due date. If you need additional time, you may [request an extension](#) of time to file. However, an extension of time to file does not grant additional time to pay.
- » Pay any tax balance you owe in full by the April filing deadline. If you're unable to pay in full, pay what you can by the April due date to avoid or limit penalties and interest. Then consider your payment options at [IRS.gov/payments](https://www.irs.gov/payments).
- » Make every effort to correctly report your tax liability. Include all required information and income sources for you and your spouse if filing a joint return (SSNs, signatures, schedules, 1099 and W-2 statements, etc.).

If after filing your return, you discover a problem that creates a tax liability, you must immediately take action to correct the issue, pay any tax you owe and respond to any correspondence from the IRS. You may need to verify that you filed your return timely, so keep a copy of your IRS e-file confirmation or a return receipt if you mailed your tax return.

### Avoid These Common Mistakes

- » Not including income from all sources, for yourself and your spouse, if you file a joint return. This includes part-time or seasonal work, self-employment activities and [sharing economy](#) income, such as car ride services or spare bedroom rentals. Other commonly missed income types include state tax refunds, unemployment benefits, interest, dividends, gambling winnings, prizes and debt cancellations.
- » Not verifying the accuracy of your tax return before filing. An easy way to avoid mistakes is to e-file your return. E-file automatically checks your math and alerts you to any missing information. Most people can file electronically for free online or in their community. Visit [IRS.gov/freefile](https://www.irs.gov/freefile) for more information.
- » Not signing your tax return and attaching all required forms, schedules and documentation.
- » Not having the proper amount of taxes withheld from your wages. Use the [IRS Tax Withholding Estimator](#) to calculate the proper estimated amount of income tax to have withheld from wages and pension payments.

**Tax compliance is the responsibility of all federal employees.**



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### Tax Compliance Reminders

- An extension of time to file is NOT an extension of time to pay.
- If you owe and cannot pay, file your tax return and pay what you can by the April due date to avoid or limit penalties and interest. You should pay as much as you can by the filing deadline, because failure-to-pay penalties and interest are due on any unpaid balance and increase the amount you owe. If you can't pay what you owe, consider your options at [IRS.gov/payments](https://www.irs.gov/payments).
- Tax compliance is not just for filing season, it's year-round. Outside employment, business activities, retirement fund distributions or other increases in your income may require you to make estimated tax payments or adjust the withholding from your wages. Use the [IRS Withholding Estimator](#) to review and adjust your withholding throughout the year or determine if you should make estimated tax payments.
- If you or anyone on your return purchased health insurance coverage through the Health Insurance Marketplace, you will need to file a return to claim a Premium Tax Credit or reconcile any advanced payments of Premium Tax Credit paid directly to your provider during the year.
- If you file a joint return, your spouses activity (income, withholding and estimated tax payments) counts too—a tax problem due to your spouses activity may affect your tax compliance status.
- Keep good records throughout the year. [Publication 5349, Year-round Tax Planning is for Everyone](#), provides guidelines to plan ahead for filing taxes.

### Discussion Q&A

Actively facilitate a discussion with your employees using these questions.

**Q1. If I am to receive a refund, do I still have to file a tax return by the April due date?**

A1. Yes. There is no distinction between a refund and a balance due tax return. You still must file a tax return on or before the tax deadline.

**Q2. Can I file for an extension?**

A2. Yes, but remember this is only an extension of time to file. You must still pay your taxes in full by the April due date.

**Q3. Can I electronically file my tax return for free?**

A3. Almost everyone can prepare and e-file their tax return for free (or for a nominal charge). Find free options to prepare and file your return on [IRS.gov](https://www.irs.gov) or in your community, if you qualify. Go to [IRS.gov/filing](https://www.irs.gov/filing) to see your options. You may also be able to receive your refund via Direct Deposit. It's simple, safe and secure. Choosing e-file and Direct Deposit for refunds remains the fastest and safest way to file an accurate income tax return and receive a refund. The IRS issues most refunds in less than 21 days.

**Q4. Once I send my return electronically, is my obligation to file completed?**

A4. No. It is very important that you receive confirmation that your return was accepted. This confirmation will be sent to you via email and can take up to 48 hours. If you are notified that your return was rejected, you will need to take steps to correct the return, re-send it and receive confirmation that it was accepted.

**Q5. What kind of options do I have if I can't pay the tax I owe?**

A5. First, make every effort to file your return and pay your balance in full by the April filing deadline. If you still can't pay what you owe, consider your options at [IRS.gov/payments](https://www.irs.gov/payments). However, a payment arrangement does not exempt you from your tax compliance responsibilities.