



## LM Federal Credit Union

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**Wealth Management &  
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# July 15 Due Date Approaches for Federal Income Tax Returns and Payments



The due date for federal income tax returns and payments is Wednesday, July 15, 2020. Due to the coronavirus pandemic, the original due date for filing federal income tax returns and making tax payments was postponed by the IRS from April 15, 2020, to July 15, 2020. No interest, penalties, or additions to tax are incurred by taxpayers during this 90-day relief period for any return or payment postponed under this relief provision.

The relief applied automatically to all taxpayers, who did not need to file any additional forms to qualify for the relief. The relief applied to federal income tax payments (for taxable year 2019) due on April 15, 2020, and estimated tax payments (for taxable year 2020) due on April 15, 2020, and June 15, 2020, including payments of tax on self-employment income. There is no limit on the amount of tax that could be deferred.

## Need more time?

If you're not able to file your federal income tax return by July 15, you can file for an extension by the July due date using IRS Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return. Filing this extension gives you an additional three months (until October 15, 2020) to file your federal income tax return. You can also file for an automatic three-month extension electronically (details on how to do so can be found in the Form 4868 instructions).

## Pay what you owe

One of the biggest mistakes you can make is not filing your return because you owe money. If the bottom line on your return shows that you owe tax, file and pay the amount due in full by the due date if at all possible. If you absolutely cannot pay what you owe, file the return and pay as much as you can afford. You'll owe interest and possibly penalties on the unpaid tax, but you will limit the penalties assessed by filing your return on time, and you may be able to work with the IRS to pay the unpaid balance (options available may include the ability to enter into an installment agreement).

It's important to understand that filing for an automatic extension to file your return does not provide any additional time to pay your tax. When you file for an extension, you have to estimate the amount of tax you will owe; you should pay this amount by the July due date. If you don't, you will owe interest, and you may owe penalties as well. If the IRS believes that your estimate of taxes was not reasonable, it may void your extension.

## Tax refunds

The IRS encourages taxpayers seeking a tax refund to file their tax return as soon as possible. Apparently, most tax refunds are still being issued within 21 days of the IRS receiving a tax return. However, the IRS is experiencing delays in processing paper tax returns due to limited staffing.

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### Tax deadline for most individuals:

- Wednesday, July 15, 2020