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### Does When You File Your 1040 Affect Your Audit Risk?

Many people are obsessed with IRS audit risk. Audit risk is worrisome, and opinions vary widely. Even worse, there are many old wives tales about what does and doesn't trigger an audit. But what about the time of filing?



Many believe that filing at or near a deadline reduces audit risk. A crush of other filers as often occurs on April 15th logically may reduce the chance that your return will stand out. That logic may also apply to the crush of returns filed on extension October 15th.

But of all the questions I get as a [tax lawyer](#), one of the most frequent is whether you increase audit risk by going on extension at all. I say no, but you'll get different answers. Some say you increase audit risk by going on extension, while others say you actually decrease audit risk by doing so. Go figure. See [Does Going On Return Filing Extension Increase IRS Audit Risk?](#)

The best reason to go on extension is if you need time to consider proper reporting, get professional advice, and file an accurate return. Tax returns are filed under penalties of perjury. Plus, amended returns are

more likely to be scrutinized, so file accurately if possible. See [5 Simple Rules to Follow When Amending Your Tax Return](#).

Millions of extensions are processed every year. To go on extension you can mail in a Form 4868, ask your return preparer to do it, do it with TurboTax or other commercial software, or do it electronically yourself. Just go to IRS.gov and click: [Application for Automatic Extension of Time To File U.S. Individual](#). For more IRS guidance, see [IRS Tax Topic 304 Extensions of Time to File Your Tax Return](#).

The extension used to be an automatic four months, with two more thereafter if you had a good reason. Then the IRS dropped the reason requirement and the two-step process. Now automatic extensions are six months. Who couldn't use the time?

One problem, of course, is that the extension is to file, not to pay. Beyond that, the first time you go on extension can be cathartic. We're used to meeting deadlines, and you may feel guilty when you get that automatic reprieve.

Don't. Make your payment, get your extension, and use the time wisely to make your return more accurate and more complete. If there are debatable points—such as whether a lawsuit recovery is ordinary income or capital gain—get some professional advice. See [Don't Fail To Consider Taxes When Settling Litigation](#).

*Robert W. Wood practices law with [Wood LLP](#), in San Francisco. The author of more than 30 books, including *Taxation of Damage Awards & Settlement Payments* (4th Ed. 2009 with 2012 Supplement, [Tax Institute](#)), he can be reached at [Wood@WoodLLP.com](mailto:Wood@WoodLLP.com). This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.*