

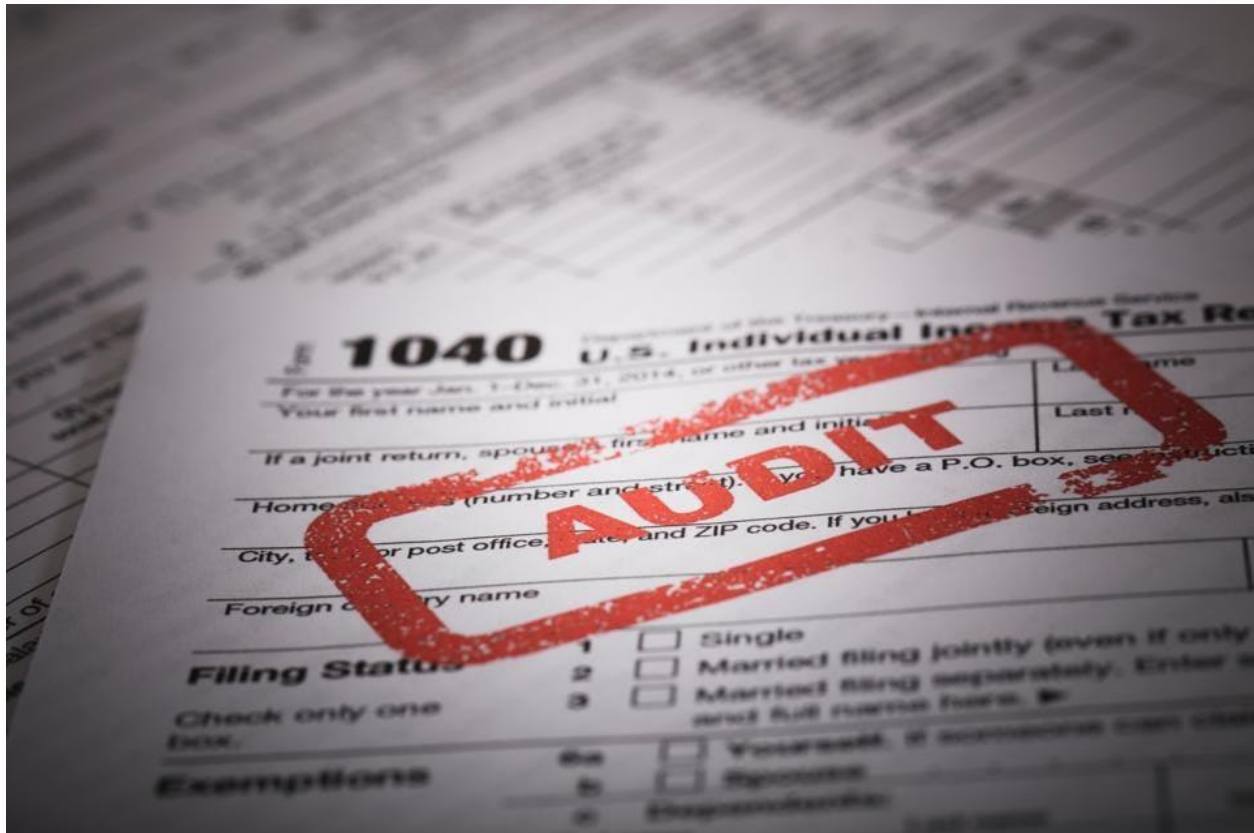


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THE TAX LAWYER

TAXES 04/12/24

### Will Putting Your Tax Return On Extension Increase IRS Audit Risk?



For most people, few deadlines are more dreaded than the annual rush to file. Instead of rushing to file your taxes, you can go on extension to October 15. It is automatic on request, and incredibly easy to do. All individual tax filers, regardless of income, can put their taxes on extension. One way is to

electronically request [Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return](#), by using the IRS Free File partner [software](#) on IRS.gov. To get an extension, taxpayers must estimate their tax liability on this form and file it by April 15, 2024.

The six month extension does not extend the payment date. It is tempting to succumb to the allure of the extra months, but do you *increase* your odds of audit? There are differing views about what prompts an audit, but there is no data suggesting that tax returns filed on extension are more likely to be audited. If anything, I would argue that filing on extension may actually decrease your audit risk. After all, many returns filed right at the deadline are filed in haste, some carelessly.

And that can bring on an audit. Extensions can allow time to gather records, consider reporting alternatives, and get professional advice. After all, tax returns must be signed and filed under penalties of perjury. It is best to file accurately so you don't have to amend later. Amended returns often come about because people are in a rush.

Amending isn't necessarily bad, there are times you may want or need to amend your return. But try to use amended returns sparingly. For one thing, amended returns are more [likely to be scrutinized](#). File once correctly so you do not need to do it again.

You may not need the entire six months, and once you extend, you can file whenever you would like between April 15 and October 15. That time comes in useful in other ways too. For example, going on extension also allows for corrected Forms 1099 and K-1. You may be waiting for Forms K-1, gathering documents or seeking professional advice. Time is on your side with an extension.

If there are debatable points on your return, such as whether a [litigation](#) recovery is ordinary or capital, take the time to get some professional advice. Besides, even if you have all your forms ready, what if you receive a Form K-1 or 1099 *after* you file? It happens a lot, and the earlier you file your return, the greater the risk you will receive corrected forms that may make you need to amend. Going on extension makes it less likely that you will be surprised by a tardy corrected Form K-1 or 1099. You may as well file once and file correctly.

*Check out my [website](#).*