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Be honest to avoid tax trouble The April 15 tax-filing deadline is only four days away.

Stay out of trouble with the Internal Revenue Service. Don't do these four things that could trigger penalties, fines, audits or criminal charges if you get caught:

- Fail to file your tax return when you owe the IRS money. If April 15 passes and you didn't file for an extension, you could get hit with two penalties.

The first is a failure-to-file penalty. You'll owe 5 percent of your unpaid taxes every month that you don't pay, not exceeding 25 percent of your unpaid taxes, IRS spokesman Jim Dupree said. So if your tax bill is \$800, you'll incur a \$40 penalty that month.

The second is a failure-to-pay penalty. Maybe you filed on time but didn't pay all of your tax bill. You'll pay 0.5 percent of your unpaid taxes each month until your debt is paid off, up to 25 percent of your unpaid taxes.

You'll additionally pay interest on what you owe, and it won't be cheap. You'll pay the federal short-term rate, plus 3 percent, compounded daily.

The IRS may cut you some slack on the penalties if you can prove that you failed to file or pay on time because of "reasonable cause."

But the big question is this: Why would you risk getting yourself into such a big mess?

File your return, make arrangements to pay later or apply for a filing extension by midnight April 15. Call (800) 829-1040.

The worst thing you can do is do nothing.

- Inflate your tax return. You may be in sore straits and desperately need money.

But puffing up the numbers on your tax return can land you into hot water. For example, maybe you think fudging the value of that old clunker you donated will get you a bigger refund.

Yet if you get audited and the IRS finds no basis for the vehicle's value, the agency may disallow it and "come back at you with back taxes and penalties," warned Tom Marshall, president of Virginia Estate and Retirement Planning Advisors Inc. in Henrico County.

"Any item that you give away to charity, if you inflate that value, it increases your deductions," he said. But "the IRS will come after you if you do something crazy."

- Fake the first-time homebuyers credit.

"That's the biggest fraudulent thing we've seen in our offices this year," said John Hewitt, CEO of Liberty Tax Service, based in Virginia Beach. "They haven't bought a house," but they took the deduction. "If you file fraudulent returns, you're liable for civil and criminal penalties," he said.

- Conceal your money offshore.

Opening an account with an overseas bank isn't only for the rich anymore, said Patrick Brown, special agent for the IRS in Richmond. There are lots of people promoting offshore accounts, he said.

Locally, at the end of 2008, a Richmond man was fined \$226,463 as restitution for his part in an offshore tax-evasion scheme, Brown said.

Better do your homework before opening such an account, he said.

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