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CLIENT ALERT

PRESIDENT SIGNS BILL RAISING FAILURE TO FILE PENALTY

If you file a tax return late the Internal Revenue Service generally assesses a penalty of 5% per month up to 25%, plus late payment penalty of .5% per month up to 25%. There is also a minimum penalty.

President Obama on February 24, 2016 signed the Trade Facilitation and Trade Enforcement Act of 2015 (Trade Act)(HR), which includes an increase in the minimum penalty for failure to file a return.

For taxpayers who fail to file their returns more than 60 days after the due date or extended due date, the Trade Act increases the minimum penalty from the lesser of \$135 or 100 percent of the unpaid taxes, to the lesser of \$205 or 100 percent of the unpaid tax. The new law makes the increase in the penalty for failure to file effective for returns required to be filed in calendar years after 2015.

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Disclaimer: *This e-mail represents a general overview of tax developments and should not be relied upon without an independent, professional analysis of how any of these provisions may apply to a specific situation.*