



## Instructions for Helping Clients File Extensions

### Who should file Form 4868, Application for Automatic Extension of Time?

Any taxpayer who cannot file a complete and accurate tax return by midnight on April 15, 2019 should file an extension. This could be because the taxpayer is missing income documents, the spouse is unavailable to sign, the tax return is Out of Scope, etc.

### Why should a client file Form 4868?

Filing an extension form will prevent the taxpayer from receiving a late filing penalty for not filing by April 15. The automatic extension (automatic in the sense that you don't have to state a reason) is good for six months. Taxpayers with an extension must submit their tax return by Oct. 15. If a taxpayer has a balance due to the IRS, interest will begin accruing on April 15.

**Note:** some tax credits require that the recipient have a valid SSN/ITIN by the due date of the return (including extensions), so it is a good idea to request an extension (even when the TP is getting a refund) if anyone on the return will not have had a valid SSN or ITIN by April 15.

### Options for Filing an Extension

- **Option 1:** Clients can complete the extension form themselves to mail in.
- **Option 2:** We can assist in completing the extension form. (This is most likely in the case that the taxpayer requests assistance in determining tax liability and making a payment.) **In this case, please inform clients that we can only provide an estimate. This is not a guarantee of final tax liability.**

### Option 2: Instructions for Client Liaisons

- Client signs in but does not need to complete intake paperwork.
- Client is called up to intake in the order they signed in.
- Client Liaison verifies the identity of the primary and spouse. ***We will not prepare extensions for clients who cannot prove their identity with a photo ID.***
- Client Liaison asks clients to produce all income documents and business expenses and then assembles the documents neatly for the tax preparer. Documents are returned to the client in the white client envelope along with a copy of our summer season tax flyer.
- Client Liaison completes a processing envelope by writing "Extension" across the top in black marker and placing the processing envelope in queue.
- Client waits in line until called.
- **Note:** The site manager may create a separate queue for extensions, depending on factors such as site traffic, demand for extensions, and volunteer availability.



### Instructions for the Preparer:

- **No extensions will be prepared in TaxSlayer.**
- Find a printed Form 4868 to fill out by hand. (You can alternatively type directly on to the form, which is available on CTC Resources under “Extension/Amendment/Paper.”)
- **Boxes 1-3:** Enter taxpayer information from SSNs, ITINs, and IDs
- **Box 4:** Follow this formula:
  - + ADD all **income** including net self-employment income
  - SUBTRACT the **standard deduction** according to their filing status (See below)
  - Calculate the total. Of this total, if the client has
    - **W2 income**, calculate 10% of the above total. Put this figure on Line 4.
    - **Self-employment income**, calculate 15% of the above total. Add this number to the amount on Line 4.
    - *If the client has both W2 and self-employment income, calculate 10% of the portion attributable to W2 income and 15% of the income attributable to self-employment income. Combine sums and place on Line 4.*
- **Box 5:** If any income documents include federal withholding, calculate the total withholding, and enter in Box 5. Also include in this total any estimated payments made for Tax Year 2018.
- **Box 6:** Subtract line 5 from line 4. If line 5 is more than line 4, enter -0-.
- **Box 7:** Enter the payment amount (*if any*) the taxpayer will be submitting to the IRS with the Extension form.
- **Print two copies**, one for the client’s records and one to send to the IRS.
  - Mailing extension form without payment: Austin, TX 73301-0045
  - Mailing address to IRS with payment: P.O. Box 1302 Charlotte, NC 28201-1302

\*\*If not calculating the income, sections 4-9 can be left totally blank, and the client will still have their (automatic) extension approved. Depending upon factors such as site traffic, demand for extensions, and volunteer availability, the Site Manager may allow volunteers to leave this section blank. If the client owed taxes in 2017, and 2018 income is similar, we can advise them to send a similar payment amount with their extension request.

### 2018 Standard Deductions

- Single or Married filing separately: \$12,000
- Head of Household: \$18,000
- Married filing jointly or Qualifying Widow(er): \$24,000