



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, 2020** should file an extension. This could be because the taxpayer is missing income documents, the spouse is unavailable to sign, their 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 October 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 taxpayer 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

1. Clients can complete the extension form themselves to mail in.
2. We can assist in completing the extension form (most likely for those who would like assistance in determining tax liability and making a payment). **In this case, please inform clients that we can only provide an estimate - our calculation not a guarantee of final tax liability.**

Instructions for Client Liaisons

1. Client signs in but does not complete intake paperwork. Client is called up to intake in the order they signed in.
2. Client Liaison verifies the identity of the primary taxpayer and spouse. **We will not prepare extensions for clients who cannot prove their identity with a photo ID.**
3. 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 client envelope along with our summer season flyer.
4. Client Liaison completes a processing envelope by writing "Extension" across the top in black marker and placing the processing envelope in queue.
5. Client waits in line until called by a tax preparer.

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 Tax Preparers

1. **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.")
2. **In Boxes 1-3,** enter taxpayer information from SSNs, ITINs, and IDs.

Instructions for Tax Preparers, continued

3. **In Box 4**, enter an estimate of the client's tax liability. See "**Part 2: Calculating the Amount to Put in Box 4 on Form 4868.**"
4. **In Box 5**, calculate the total withholding for all income documents. Also include in this total any estimated payments made for Tax Year 2019.
5. **In Box 6**, subtract line 5 from line 4. If line 5 is more than line 4, enter -0-.
6. **In Box 7**, enter the payment amount (if any) the taxpayer will be submitting to the IRS with the Extension form.
7. **Print two copies**, one for the client's records and one to send to the IRS. The IRS mailing addresses differs depending on whether or not the taxpayer is mailing a payment.
 - **Address without payment:**
Department of the Treasury, Internal Revenue Service Austin, TX 73301-0045
 - **Address with payment:**
Internal Revenue Service, P.O. Box 1302 Charlotte, NC 28201-1302

Note: If not calculating the income, Boxes 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 2018 and their 2019 income is similar, we can advise them to send a similar payment amount with their extension request.

Part 2: Calculating the Amount to Put in Box 4 on Form 4868

2019 Standard Deductions

Single or Married filing separately: \$12,200
Head of Household: \$18,350
Married filing jointly or Qualifying Widow(er): \$24,400

SCENARIO 1 / No Self-Employment Income

| | |
|--|---------------------|
| Enter Total Income from W-2s, 1099-Rs, 1099-INTs, etc: | _____ |
| Subtract Standard Deduction: | - _____ |
| Result is Taxable Income: | = _____ |
| Multiply Taxable Income by 10%: | 0.10 x _____ |
| Result is Tax Liability to put in Box 4: | = _____ |

Part 2: Calculating the Amount to Put in Box 4 on Form 4868, cont.

SCENARIO 2 / Self-Employment Income Only

| | |
|--|---------------------|
| Enter Net Profit from Self-Employment: | _____ |
| Subtract Standard Deduction: | - _____ |
| Result is Taxable Income: | = _____ |
| Multiply Taxable Income by 10%: | 0.10 x _____ |
| Result is Federal Tax Due: | = _____ |
| Multiply Net Profit from Self-Employment by 15%: | 0.15 x _____ |
| Add Federal Tax Due: | + _____ |
| Result is Tax Liability to put in Box 4: | = _____ |

SCENARIO 3 / Self-Employment AND Non-Self-Employment

| | |
|--|---------------------|
| Enter Total Income from W-2s, 1099-Rs, 1099-INTs, etc: | _____ |
| Add Net Profit from Self-Employment: | + _____ |
| Subtract Standard Deduction: | - _____ |
| Result is Taxable Income: | = _____ |
| Multiply Taxable Income by 10%: | 0.10 x _____ |
| Result is Federal Tax Due: | = _____ |
| Multiply Net Profit from Self-Employment by 15%: | 0.15 x _____ |
| Result is Self-Employment Tax Due: | = _____ |
| Add Federal Tax Due: | + _____ |
| Result is Tax Liability to put in Box 4: | = _____ |

Part 2: Calculating the Amount to Put in Box 4 on Form 4868, cont.

EXAMPLE / With Self-Employment and Non-Self-Employment

| | |
|--|------------------|
| Enter Total Income from W-2s, 1099-Rs, 1099-INTs, etc: | \$6,000 |
| Add Net Profit from Self-Employment: | + \$30,000 |
| Subtract Standard Deduction: | - \$24,000 |
| Result is Taxable Income: | \$11,600 |
| Multiply Taxable Income by 10%: | 0.10 x \$11,600 |
| Result is Federal Tax Due: | \$1,160 |
| Multiply Net Profit from Self-Employment by 15%: | 0.15 x \$30,000 |
| Result is Self-Employment Tax Due: | \$4,500 |
| Add Federal Tax Due: | + \$1,160 |
| Result is Tax Liability to put in Box 4: | = \$5,660 |