

Impacts Of Failing To File A Tax Return

The failure to file a federal tax return can be costly, whether you end up owing more or missing out on a refund.

There are several reasons taxpayers don't file their taxes. Perhaps you didn't know you were required to file. Maybe, you just kept putting it off and simply forgot. Whatever the reason, it's best to file your return as soon as possible.

Here are some things to consider:

- **Failure to File penalty.** If you owe taxes, a delay in filing may result in a "failure to file" penalty, also known as the "late filing" penalty, and interest charges. The longer you delay, the larger these charges grow.
- **Losing your Refund.** There is no penalty for failure to file if you are due a refund. However, you cannot obtain a refund without filing a tax return. If you wait too long to file, you may risk losing the refund altogether. The deadline for claiming refunds is three years after the return due date. For example, the last day for claiming a refund for your 2003 tax return will be April 15, 2007.
- **EITC.** Individuals who are entitled to the Earned Income Tax Credit must file their return to claim the credit even if they are not otherwise required to file.

Whether or not you must file a tax return will depend upon a number of factors, including your filing status, age, and gross income