5 TAX MISTAKES YOU DON'T WANT TO MAKE

ONE

NOT FILING BECAUSE YOU DON'T HAVE THE MONEY TO PAY

When it comes to a balance due, the most aggressive penalties accrue as a result of not filing a return. In fact, the first five months after not filing timely, penalties up to 25% can be assessed.

TWO

PAYING DOWN AN OLD LIABILITY WHEN A NEW LIABILITY IS ACCRUING

Although it may feel counterintuitive, paying current taxes first is almost always advisable over paying past due taxes. This is because paying current taxes is required for every tax resolution and penalties accrue significantly when the tax is due.

THREE

NOT OPENING YOUR MAIL FROM THE IRS

Perhaps you think you know or would rather not read what the IRS has to say, but not opening important mail from the IRS is a big no-no. Letters from the IRS are a powerful roadmap of where your liability stands in the collection system. Also some of these letters or notices offer appeal rights that have very specific statutory timelines. If they're missed because you are unaware of their existence, they're lost forever.

FOUR

YOU CAN'T PAY IN FULL, SO YOU DON'T PAY ANY

Paying as much as is available is advisable in order to limit additional penalties and interest from being tacked onto the liability. It's important to point out that penalties and interest accrue on a balance due, not the total tax due.

FIVE

LOSING SIGHT OF YOUR BUSINESS' TAX SITUATION

While small business owners have to delegate certain roles and responsibilities to various employees or third party vendors, it is critical for the owner to be fully aware of all operations — especially when it comes to all things tax related. Ultimately, the responsibility for filing and paying taxes cannot be delegated.