

Procrastination, Anxiety, Stress, Costly Tax Penalties & Interest

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As Christmas song says It's That Time of the Year Again.

Avoid procrastination, anxiety, and stress by the simple following steps:

1. Be organized and collect your financial documents, and records, and file them properly and in a folder marked for that year.
2. Mark on your calendar the tax deadlines for individuals or businesses. A lack of organized financial records can make the task overwhelming and difficult to start.

Consequences of Last-Minute Filing or Delaying tax filing can have serious and costly financial and emotional repercussions:

Penalties and Interest: If you owe money, failing to file on time extension of time results in a penalty of 5% unpaid monthly up to a maximum of 25%. Penalties and Interest both accrue or accumulates on unpaid taxes of 7% annually and **compounded daily** for underpayments until fully paid which could accumulate to a significant amount.

- **Missed Opportunities:** Rushing increases the likelihood of errors or overlooking valuable deductions and credits, which can lead to overpaying.
- **Delayed Refunds:** If you are due to a refund, you won't receive your money until you file. There is a three-year limit to claim a refund, after which the money is forfeited.
- **Increased chance of audit and extend statute of limitations** in case of audit or examination of taxes.
- **File an Extension of time** if you owe money pay any amount can to IRS and your state, make sure to file and pay online and get proof of payment, not by mail. Penalties and interest for non-filers or late filters are costly.
- **Loss chance of qualifying for a waiver of penalties under tax law provisions as being noncompliance.**
- **Underpayment of Estimated Tax Penalty:** This applies if you owe \$1,000 or more when you file your return. You can typically avoid underpayment if you paid at least 90% of the tax owed for the current year or 100% of the tax shown on your prior year's return (110% if your Adjusted Gross Income was more than \$150,000).

Avoid tax penalties and interest with the following simple steps:

1. **File on time and Pay on time**
2. **Pay enough estimated tax and have enough taxes withheld from your paycheck**
3. **Pay electronically when you owe taxes and keep record**
- **Pay estimated taxes on the other income not on paycheck, passed through income from S corporation, LLC, or other K-1s, interest, dividends, rental income, stock activities with capital gains, unexpected incomes settlements, sales of a property with capital gains.**