

Here is a quick explanation of how the federal and state penalties are calculated:

### **IRS**

If you don't pay the amount shown as tax you owe on your return, we calculate the failure to pay penalty in this way:

The Failure to Pay penalty is **0.5% of the unpaid taxes for each month** or part of a month the tax remains unpaid. The penalty won't exceed 25% of your unpaid taxes.

The Failure to File penalty is 5% of the unpaid taxes for each month or part of a month that a tax return is late. The penalty won't exceed 25% of your unpaid taxes. **This penalty is avoided for 6 months by filing an extension.**

### **Virginia**

Late Filing Penalty - If you file your return more than 6 months after the due date and you owe tax, your return will be subject to a late filing penalty. The law provides for the penalty to be assessed at a rate of 6% per month or part of month from the due date of the return until the return is filed, or until the maximum penalty of 30% has accrued.

**This penalty is avoided for 6 months by filing an extension.**

Late Payment Penalty - If you file your return within 6 months after the due date but do not pay the tax due until after that time, your return will be subject to a late payment penalty. Like the late filing penalty, the late payment penalty is assessed at a rate of **6% per month, with a maximum penalty of 30%**. The late payment penalty will not be imposed in any month for which a late filing penalty has been assessed. In addition, the late payment penalty is generally not assessed when an additional balance of tax is assessed as the result of an audit of an income tax return that was filed in good faith. It is possible for a return to be subject to both the late payment penalty and the extension penalty, as explained above.

1. <https://www.irs.gov/payments/penalties>
2. <https://www.tax.virginia.gov/penalties-and-interest#:~:text=Late%20Filing%20Penalty,-If%20you%20file&text=The%20law%20provides%20for%20the,penalty%20of%2030%25%20has%20accrued.>
3. <https://www.ncdor.gov/taxes-forms/penalties-and-interest#FTF-FTP>