



Reason	Penalty Relief	IRC Section
Failure to pay	0.50% of unpaid balance per month; maximum of 25%	6651(a)(2)
Failure to file	<ul style="list-style-type: none"> ✓ 5% of unpaid balance per month; maximum of 25% ✓ If more than 60 days late, the lesser of \$435 or 100% of tax due ✓ No penalty if due a refund ✓ Failure to file penalty is reduced by failure to pay penalty if both apply 	6651(a)(1) 6651(c)(1)
Fraudulent failure to file	15% of unpaid balance per month; maximum 75%	6651(f)
Failure to deposit employment taxes	<ul style="list-style-type: none"> ✓ 2% of underpayment if amount is properly deposited not more than five days after due date ✓ 5% of underpayment if amount is properly deposited more than five days but not more than 15 days after due date ✓ 10% of underpayment if amount is properly deposited more than 15 days after due date 	6656(b)(1)(A)
Failure to file information returns / Failure to furnish payee statements	<p>Penalty assessed per information return:</p> <ul style="list-style-type: none"> ✓ \$50 if correctly filed within 30 days after required filing date; maximum \$500,000 per year (\$175,000 for small businesses with gross receipts of \$5,000,000 or less) ✓ \$100 if correctly filed more than 30 days after due date but before August 1; maximum \$1,500,000 per year (\$500,000 for small businesses with gross receipts of \$5,000,000 or less) ✓ \$290 if correctly filed after August 1 or not filed at all; maximum \$3,532,500 (\$1,177,500 for small businesses with gross receipts of \$5,000,000 or less) ✓ Minimum \$500 if failure to file or furnish due to intentional disregard of the requirements 	6721 6722



Reason	Penalty Relief	IRC Section
Accuracy related penalty	20% of underpayment due to: <ul style="list-style-type: none"> ✓ Negligence, includes failure to make reasonable attempt to comply or intentional disregard ✓ Substantial understatement of tax, more than the greater of 10% (5% if claiming IRC Section 199A deduction) of actual amount or \$5,000 	6662
Fraud	75% of understatement due to fraud	6663
Tax evasion	Willful attempt to evade tax is a felony. Maximum fine of \$100,000 (\$500,000 for a corporation) and/or up to five years in prison	7201
Failure to collect or pay over tax	Willful failure to collect, account for, and pay over tax is a felony. Maximum fine of \$10,000 and/or five years in prison.	7202
Perjury and fraud	Knowingly filing or assisting in the filing of a false return or aiding in fraud is a felony. Maximum fine is \$100,000 (\$500,000 for a corporation) and/or up to three years in prison.	7206
Earned Income Credit (EIC) claimed, taxpayer not eligible	Error due to reckless or intentional disregard of EIC rules: <ul style="list-style-type: none"> ✓ Taxpayer not allowed to take EIC for two years, even if eligible. Error due to fraud: <ul style="list-style-type: none"> ✓ Taxpayer not allowed to take EIC for 10 years, even if eligible. 	32(k)
First Time Penalty Abatement (FTA)	A taxpayer may qualify for administrative relief from the failure-to-file, failure-to-pay, and/or failure-to-deposit penalties if: <ul style="list-style-type: none"> ✓ there were no filing requirements or penalties for three prior tax years*, ✓ all currently required returns were filed or an extension has been requested, ✓ and any tax due has been paid. <p>*The FTA is available every three years provided that the requirements above are met. This is not just available one time. Taxpayers may request the FTA over the phone or written request.</p>	