

Name _____

Tax Troubles: What Happens if You Don't Pay on Time?

Open-Ended Response Answer Key

1. Filing a tax return, even if unable to pay the full amount, is important because it avoids the late filing penalty, ensures accurate tax records, and allows individuals to work out a payment plan with the IRS.
2. If someone receives a notice from the IRS, they should address any issues promptly, as ignoring IRS notices can lead to escalating problems and consequences.
3. Tax evasion can result in criminal charges, civil penalties, interest on unpaid taxes, and potential asset seizures.
4. Answers may vary. Example: Sarah faced tax problems when she forgot to file her tax return one year. She resolved the issue by filing her return and setting up a payment plan with the IRS to pay the taxes she owed over time.

