



Reason	How the IRS Computes and Assesses Penalties	IRC Section
<b>Failure to pay</b>	0.50% of unpaid balance per month; maximum of 25%	6651(a)(2)
<b>Failure to file</b>	<ul style="list-style-type: none"> <li>✓ 5% of unpaid balance per month; maximum of 25%</li> <li>✓ If more than 60 days late, the lesser of \$485 or 100% of tax due</li> <li>✓ No penalty if due a refund</li> <li>✓ Failure to file penalty is reduced by failure to pay penalty if both apply</li> </ul>	6651(a)(1) 6651(c)(1)
<b>Fraudulent failure to file</b>	15% of unpaid balance per month; maximum 75%	6651(f)
<b>Failure to deposit employment taxes</b>	<ul style="list-style-type: none"> <li>✓ 2% of underpayment if amount is properly deposited not more than five days after due date</li> <li>✓ 5% of underpayment if amount is properly deposited more than five days but not more than 15 days after due date</li> <li>✓ 10% of underpayment if amount is properly deposited more than 15 days after due date</li> </ul>	6656(b)(1)(A)
<b>Failure to file information returns / Failure to furnish payee statements</b>	<p>Penalty assessed per information return:</p> <ul style="list-style-type: none"> <li>✓ \$60 if correctly filed within 30 days after required filing date; maximum \$664,500 per year (\$232,500 for small businesses with gross receipts of \$5,000,000 or less)</li> <li>✓ \$130 if correctly filed more than 30 days after due date but before August 1; maximum \$1,993,500 per year (\$664,500 for small businesses with gross receipts of \$5,000,000 or less)</li> <li>✓ \$330 if correctly filed after August 1 or not filed at all; maximum \$3,987,000 (\$1,329,000 for small businesses with gross receipts of \$5,000,000 or less)</li> <li>✓ Minimum \$660 if failure to file or furnish due to intentional disregard of the requirements</li> </ul>	6721 6722
<b>Failure to file beneficial ownership information (BOI) report</b>	<p>Penalties for willful violation of the BOI reporting requirements include:</p> <ul style="list-style-type: none"> <li>✓ civil penalties of up to \$591 per day that a violation is not remedied,</li> <li>✓ a criminal fine of up to \$10,000, and/or</li> <li>✓ imprisonment of up to two years.</li> </ul>	31 USC Section 5336(h) Fed Reg. 89 FR 4820 (1/25/2024)



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<b>Accuracy related penalty</b>	20% of underpayment due to: <ul style="list-style-type: none"> <li>✓ Negligence, includes failure to make reasonable attempt to comply or intentional disregard</li> <li>✓ Substantial understatement of tax, more than the greater of 10% (5% if claiming IRC Section 199A deduction) of actual amount or \$5,000</li> </ul>	6662
<b>Fraud</b>	75% of understatement due to fraud	6663
<b>Tax evasion</b>	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
<b>Failure to collect or pay over tax</b>	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
<b>Perjury and fraud</b>	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
<b>Earned Income Credit (EIC) claimed, taxpayer not eligible</b>	Error due to reckless or intentional disregard of EIC rules: <ul style="list-style-type: none"> <li>✓ Taxpayer not allowed to take EIC for two years, even if eligible.</li> </ul> Error due to fraud: <ul style="list-style-type: none"> <li>✓ Taxpayer not allowed to take EIC for 10 years, even if eligible.</li> </ul>	32(k)
<b>First Time Penalty Abatement (FTA)</b>	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"> <li>✓ there were no filing requirements or penalties for three prior tax years*,</li> <li>✓ all currently required returns were filed or an extension has been requested,</li> <li>✓ and any tax due has been paid.</li> </ul> <p>*The FTA is available every three years provided that the requirements above are met. Taxpayers may request the FTA over the phone or through a written request.</p>	