

Tax Professionals Warn: Missing Filing Deadlines in 2025

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ORLANDO, FL, UNITED STATES, April 23, 2026 /EINPresswire.com/ -- Peter P. Kici, EA, founder of



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Orlando-based [Tax Debt Relief Group](#), is cautioning taxpayers that the 2025 tax year marks a significant shift in how the Internal Revenue Service (IRS) identifies, pursues, and penalizes non-compliant filers. A combination of a sharply reduced workforce, expanded use of artificial intelligence in audit selection, and stricter enforcement against pass-through entities and high-income taxpayers has raised the stakes for anyone who owes federal taxes and misses filing deadlines.

A Smaller, More Automated IRS

The IRS began 2025 with approximately 102,000 employees and ended the year with roughly 74,000 following a series of buyouts, deferred resignations, and reductions in force tied to the Department of Government Efficiency (DOGE) initiative — a reduction of about 28,000 workers, or roughly one-quarter of the agency, in twelve months. The Treasury Inspector General for Tax Administration confirmed in its July 2025 snapshot report that separations through the Deferred Resignation Program, Voluntary Early Retirement Authority, and Voluntary Separation Incentive Payment programs accounted for the majority of the departures.

The Trump administration has publicly indicated its intent to eventually reduce the IRS workforce by as much as 50 percent through layoffs, attrition, and incentivized buyouts. That target had not been reached by year-end 2025, but the agency entering the 2026 filing season is a materially different organization than it was twelve months earlier.

Artificial Intelligence Fills the Gap

To offset reduced personnel, the IRS has accelerated deployment of machine-learning models, network-analysis tools, and third-party data matching to identify high-risk returns. The Tax Exempt and Government Entities (TE/GE) division uses advanced modeling to map relationships between entities, cross-reference information returns, identify anomalies, and direct limited examination resources toward the filings most likely to produce adjustments.

According to Kici, the 2025 IRS watchlist is heavily weighted toward high earners, complex business structures, digital-asset transactions, Employee Retention Credit (ERC) claims, and abusive tax shelters. Common red flags include large or unusual deductions, mismatched income, repeat Schedule C losses, and underreported digital-payment income. Machine-learning systems compare current filings to historical patterns, peer-group data, and third-party reporting to flag outliers for human review.

New Focus on Pass-Through Entities

The IRS has formally launched its Pass-Through Field Operations unit, a dedicated enforcement group targeting partnerships, S-corporations, limited liability companies, and trusts of all sizes. The agency's Global High Wealth program continues to examine complex financial structures — including intricate partnership arrangements, trusts, and investment vehicles — with an emphasis on identifying abusive shelters and verifying that pass-through entities are correctly reporting income to their owners.

Why Missing a Filing Deadline Is More Costly Than Missing a Payment

[Peter P Kici EA](#) emphasizes that the failure-to-file penalty is ten times larger than the failure-to-pay penalty. Under Internal Revenue Code Section 6651, the failure-to-file penalty is 5 percent of unpaid tax per month, up to 25 percent of the balance, while the failure-to-pay penalty is 0.5 percent per month, also capped at 25 percent. For returns filed more than 60 days late, the minimum failure-to-file penalty for returns due in 2026 is the lesser of \$525 or 100 percent of the unpaid tax. In the worst case, combined penalties can reach 47.5 percent of the tax owed, before interest, which compounds daily.

The practical lesson for taxpayers who owe: file on time — or file an extension — even if payment in full is not possible. Filing stops the larger penalty clock. Payment can be arranged separately through an installment agreement or other resolution.

A Costly Misconception: An Extension to File Is Not an Extension to Pay

One of the most widespread and expensive misunderstandings among taxpayers is the belief that filing Form 4868 — the Application for Automatic Extension of Time to File — also extends the deadline to pay. It does not. An extension grants additional time to submit the return, not additional time to pay the tax owed.

Under IRS rules, any tax liability for the 2025 tax year was due on April 15, 2026, regardless of whether the taxpayer filed an extension to October 15, 2026. Taxpayers who filed an extension but did not pay their estimated balance by April 15 began accruing the failure-to-pay penalty of 0.5 percent per month on the unpaid balance, plus interest compounded daily, the day after the original filing deadline. The extension protects the taxpayer only from the steeper 5-percent-per-month failure-to-file penalty — and only if the return is ultimately filed by the extended deadline.

Kici recommends that taxpayers filing an extension submit a reasonable estimated payment with Form 4868. Even a partial payment reduces the balance on which penalties and interest accrue. Taxpayers who cannot pay in full should still file the return or extension on time and immediately pursue an installment agreement or other resolution rather than delay filing in the mistaken belief that the extension buys additional time to pay.

“This is the single most common mistake I see in my practice,” said Kici. “A taxpayer files an extension in April thinking they have until October to deal with everything, and then they open a notice in August showing penalties and interest that have already been compounding for four months. The extension form says ‘extension of time to file’ for a reason. Tax debt has to be paid by the original deadline — the extension only buys time to file the return, not time to pay what is owed.”

Tax Debt Relief Group is an Orlando, Florida-based tax compliance and resolution practice led by Peter P. Kici, EA, an IRS-authorized Enrolled Agent specializing in [Emergency Tax Help Orlando](#), tax compliance and tax debt resolution. The firm represents individuals and businesses before the Internal Revenue Service, Filing back tax returns , Stop IRS Levy actions Wage Garnishment, collections, appeals, and resolution matters, including installment agreements, offers in compromise, penalty abatement, and passport-certification reversal. For more information or to schedule a consultation, contact Tax Debt Relief Group at 407-531-8705 or pete@taxdebtreliefgroup.com.

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