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What is the IRS statute of limitations or deadline for action on back taxes?

The IRS statute of limitations on action for back taxes depends on a few factors. The primary factor is whether a tax return was filed or not. The next question is how accurate (or inaccurate) the return was.

Filed Tax Returns: Deadlines for Assessments and Collections

Generally, the statute of limitations for the IRS to assess taxes on a taxpayer expires three (3) years from the due date of the return or the date on which it was filed, whichever is later. A return is considered to be filed on the due date of the return if it was filed on or before its due date. An assessment occurs when an IRS officer signs a certificate of assessment stating the amount owed by the taxpayer. Additionally, the IRS statute of limitations gets extended for an even longer time when there is a substantial omission (more than 25 percent) of gross income on the return. In these circumstances, the time limit for the IRS to make its assessment gets stretched out to six (6) years from the date the return is filed or deemed filed, whichever is later.

The IRS statute of limitations period for collection of taxes -- the IRS filing suit against the taxpayer to collect previously assessed taxes -- is generally ten (10) years. Thus, once an assessment occurs, the IRS has 10 years to pursue legal action and collect on tax debt using the considerable resources at its disposal, which include levies and [wage garnishments](#).

Regardless of the circumstances, it should be noted that once a return is late or when a taxpayer fails to pay the full amount of taxes that are due, a wide range of [interest fees and additional penalties](#) may apply. These vary depending on the severity of the mistake involved in a tax filing, as well as according to how late the payment comes in. Further, as outlined below, sometimes missed or erroneous filings can actually constitute a crime, raising the prospect of criminal penalties for a filer.

False, Fraudulent, or Missing Returns: No IRS Statute of Limitations

It is also important to note that no deadline applies where the IRS can establish that a taxpayer has: 1) filed a false or fraudulent return; 2) willfully attempted to evade tax; or 3) failed to file a return. Unlike the circumstances above where tax returns are filed (even with errors), these are cases in which a taxpayer is willfully or intentionally not filing taxes or is filing fraudulent return(s). Not only will there be no time limit on IRS action against such taxpayers, but heightened interest fees and penalties will apply.

Worse yet, tax fraud and evasion are criminal violations and offenders face the prospect of fines and jail time if the government seeks to prosecute them for the offenses. Nevertheless, every year thousands of individuals fail to pay their taxes, but the IRS usually prefers to resolve tax problems outside of the judicial system in most cases. Coming forward voluntarily and cooperating with the IRS to determine any taxes that are due and establishing a payment plan is sometimes a good way of both avoiding criminal liability and getting back in the relative good graces of the IRS.

Learn more about [What to Expect If You Don't Pay Your Taxes](#)

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