

Justification Statement
Form 1127A
Application for Extension of Time for Payment of
Income Tax for 2011 Due to Undue Hardship

Under IRC 6161 and the Service's Fresh Start initiative, individual taxpayers (those filing Form 1040, 1040A, or 1040EZ) with a tax liability less than \$50,000 and AGI less than \$100,000 (\$200,000 if married filing jointly) are allowed to request an extension of time for payment of tax shown or required to be shown on a return for 2011 only.

As stated, the audience for Form 1127A is very limited. This is different from Form 1127 which allows for extensions to pay not only income taxes but also, withheld taxes on nonresident aliens and foreign corporations, taxes on private foundations and certain other tax-exempt organizations, taxes on qualified investment entities, taxes on greenmail, taxes on structured settlement factoring transactions, and gift taxes. In addition, Form 1127 can also be filed by taxpayers who receive a notice and demand for payment for normal taxes and surtaxes, taxes on private foundations and certain other tax-exempt organizations, taxes on qualified investments, or gift taxes.

Taxpayers that file Form 1127 must write in an extension to date, give a detailed explanation of the hardship encountered, and provide extensive documentation regarding income and expenses for the three months prior to the due date of the return. In order to be granted this extension, taxpayers that file Form 1127A self-certify their hardship. By allowing individual taxpayers to file Form 1127A, taxpayer burden is dramatically reduced and processing times are expected to be quicker.