



To: All Professional Tax Personnel

From: Checkpoint Editors

Re: Inflation Adjusted Penalties for 2022 and 2023

Synopsis: This table summarizes various penalties that are adjusted annually for inflation.

Inflation-Adjusted Penalties for 2022 and 2023					
IRC Sec.	Scenario:	Tax Years Beginning in 2023 ¹		Tax Years Beginning in 2022 ²	
		Penalty	Maximum Penalty	Penalty	Maximum Penalty
Failure to File Penalties					
6651(a)	Minimum penalty for failure to file an income tax return within 60 days of the return's due date (including extensions)	Lesser of (1) \$485 or (2) 100% of the unpaid tax	N/A	Lesser of (1) \$450 or (2) 100% of the unpaid tax	N/A
6698(b)(1)	Failure to file a partnership return (Form 1065)	\$235 per partner, per month (or fraction thereof) of the failure, up to 12 months	\$2,820 per partner	\$220 per partner, per month (or fraction thereof) of the failure, up to 12 months	\$2,640 per partner
6699(b)(1)	Failure to file an S corporation return (Form 1120-S)	\$235 per shareholder, per month (or fraction thereof) of the failure, up to 12 months	\$2,820 per shareholder	\$220 per shareholder, per month (or fraction thereof) of the failure, up to 12 months	\$2,640 per shareholder
Failure to file correct information returns and/or furnish payee statements: ³					
6721 and 6722	Corrected within 30 days of the filing date	\$60 per return	\$630,500 per calendar year; \$220,500 per calendar year for small businesses ⁴	\$50 per return	\$588,500 per calendar year; \$206,000 per calendar year for small businesses ⁴
	Corrected after 30 days but by August 1	\$120 per return	\$1,891,500 per calendar year; \$630,500 per calendar year for small businesses ⁴	\$110 per return	\$1,766,000 per calendar year; \$588,500 per calendar year for small businesses ⁴
	Not corrected by August 1	\$310 per return	\$3,783,000 per calendar year; \$1,261,000 per calendar year for small businesses ⁴	\$290 per return	\$3,532,500 per calendar year; \$1,177,500 per calendar year for small businesses ⁴
	Failure due to intentional disregard	\$630, or if greater, 10% of the aggregate dollar amount of the items required to be correctly reported on the return	No limit	\$580, or if greater, 10% of the aggregate dollar amount of the items required to be correctly reported on the return	No limit

Inflation-Adjusted Penalties for 2022 and 2023					
IRC Sec.	Scenario:	Tax Years Beginning in 2023 ¹		Tax Years Beginning in 2022 ²	
		Penalty	Maximum Penalty	Penalty	Maximum Penalty
Return Preparer Penalties					
6695(a)	Failure to furnish copy of return to taxpayer	\$60 per return	\$30,000	\$55 per return	\$28,000
6695(b)	Failure to sign return				
6695(c)	Failure to furnish identifying number				
6695(d)	Failure to retain a copy or list of returns prepared				
6695(e)	Failure to retain and make available a record of the preparers employed during a return period				
6695(f)	Endorsing or negotiating of a tax refund check	\$600 per check	No limit	\$560 per check	No limit
6695(g)	Failure to be diligent in determining eligibility for EIC, CTC, AOTC, and HOH filing status—per failure	\$600	No limit	\$560	No limit
<p>¹ Source: Rev. Proc. 2022-38. Applies to returns and statements required to be filed after 12/31/23 (that is, 2023 returns).</p> <p>² Source: Rev. Proc. 2021-45. Applies to returns and statements required to be filed after 12/31/22 (that is, 2022 returns).</p> <p>³ These are two separate penalties that can be imposed for both failing to file returns with the IRS and failing to provide copies to payees.</p> <p>⁴ A <i>small business</i> is one with average annual gross receipts for the most recent three tax years of \$5 million or less.</p>					