

U.S. TAX ALERT



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November 2016

New federal filing deadlines: what do they mean for you?

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In an effort to minimize taxpayers' timing difficulties with filing dates for several common types of returns and reporting forms, the United States Congress has passed legislation modifying the original and extended due dates for tax years beginning after December 31, 2015 (i.e. 2016 returns filed during the 2017 filing season). [The table below](#) summarizes the old due dates under prior law and the new due dates for some of the most common returns for taxpayers with a calendar tax year-end and C corporations with a fiscal tax year-end.

Summary of key changes for federal filing deadlines

Filing due date changes for partnerships and C corporations

The filing deadline for partnerships and limited liability companies is accelerated one month from the 15th day of the fourth month after year-end to the 15th day of the third month after year-end. Thus, a calendar-year partnership must file its tax return by March 15 instead of April 15.

The filing deadline for C corporations (for tax years ending on a date other than June 30) is deferred one month from the 15th day of the third month after year-end to the 15th day of the fourth month after year-end. Thus, a calendar year C corporation must file its tax return by April 15 instead of March 15. For C corporations with a tax year ending June 30, the application of the new due date rules, oddly, will be delayed for ten years until 2026. Thus, for now, C corporations with a tax year ending June 30 must continue to file their returns by the 15th day of the third month after year-end (i.e. September 15).

Extension period changes for various returns

Under the current tax return filing system, a C corporation can obtain an automatic six-month extension to file its return by filing Form 7004 and paying the estimated tax due by the original due date of its return. A partnership can use the same procedures to obtain an automatic five-month extension.

With the implementation of the new return filing rules, the automatic extension period is reduced to five months for calendar year-end C corporations and increased to seven months for C corporations with a June 30 year-end. The current automatic extension period of six months is unchanged for all other fiscal year-end C corporations. Under the new rules, the automatic extension period for partnership returns has increased from five months to six months.

Estate and trust returns will have a maximum extension of five and a half months under the new law (under the old law, it was five months). The extension will end on September 30 for calendar-year taxpayers.

For exempt organizations, the extension under the new law will be a single, automatic, six-month extension, eliminating the need to process the current first 90-day extension.

Filing due date change for Foreign Bank and Financial Accounts Report (FBAR)

Under current law, FBARs must be filed annually on or before June 30 of the year following the calendar year being reported. There is no extension of time available for filing an FBAR, and the extension of time to file federal tax returns does not extend the time for filing an FBAR. The civil penalties for a non-willful violation can be up to \$10,000 per violation, and a willful violation can be up to the greater of \$100,000 or 50 per cent of the amount in the account at the time of the violation.

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Under the new law (effective for the 2016 taxation year), the FBAR deadline will be moved forward to April 15, thereby aligning the timing of the reporting requirement with that for income tax returns filed by individuals and C corporations. As with income tax returns, taxpayers will be permitted to extend FBARs up to six months for a final deadline of October 15. (At this time, the format for requesting an extension has not yet been released.) Moreover, there will be relief available and penalties may be waived for first-time filers who miss the extension deadline or fail to make an extension request.

Impact of filing deadline changes for taxpayers

More accurate and timely returns filed by investors

In general, the new return filing rules create a more rational and streamlined tax return filing system. By moving the filing deadline for partnerships up one month and the filing deadline for C corporations back one month, partnerships will now have a filing deadline that is one month earlier than the filing deadline for most of their partners (individuals, trusts, C corporations, etc.), allowing them time to provide Schedule K-1 to their partners before the partners' filing deadlines. The partners will have the information they need from their pass-through entity investments to file accurate and timely returns involving fewer estimates, extensions and amendments.

Fewer extensions required for C corporation filings

The due date changes should reduce the number of taxpayer extensions. C corporations will largely benefit from the changes. Calendar-year C corporations will have one extra month to file their returns. Many C corporations have needed to extend their returns under the previous rules because they were waiting for audited financial statements, which typically arrive by the end of

March. These corporations may no longer need to extend their income tax returns and may be able to file by the new original due date of April 15 (or the 15th day of the fourth month following the close of the tax year for most fiscal-year corporations).

Timing for FBAR filing

With the filing deadline for FBARs moving forward, taxpayers who wish to file their tax returns and FBARs in time for the April 15 deadline should note that the foreign bank and financial account information must now be obtained earlier than usual, as FBARs are technically due earlier under the new system. The ability to request a six-month extension may mitigate some of the timing issues, but taxpayers will now have to determine by April 15 whether they will need an extension because they might have had a reportable financial interest in or signatory authority over a foreign account in the prior calendar year.

In addition, the detailed mechanism of extension filing should be examined carefully to ensure compliance. The grant of authority to waive penalties for first-time filers also provides welcome relief, but FBAR filers should review the procedures and implications for requesting such relief.

State conformity

Many states are likely to follow the federal due date changes or may need to enact legislation to change their due dates to conform to the new federal deadlines. If any states do not conform to federal due dates, taxpayers may have to extend state tax returns based on incomplete federal information if the state corporate tax return is due before the new federal corporate due date.

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Be wary

The new federal filing deadlines and the changes to the tax filing process will affect most, if not all, taxpayers. Although the new filing date rules will ultimately create a more rational tax return filing system, the changes also create some potential traps for taxpayers. It is critical for taxpayers to pay attention to these revised due dates and develop a clear understanding of how the rules will apply to them, beginning with their 2016 tax returns, in order to avoid unnecessary failure-to-file and failure-to-pay penalties. Contact your Collins Barrow advisor for more information.

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Table 1: Original and extended tax return due dates

Changes are generally effective for taxable years starting after December 31, 2015

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Return Type	Due Dates Under Prior Law	New Law: Original and Extended Due Dates (Dates changed by law in bold)		Comments
Partnership (calendar year) Form 1065	April 15 Sept. 15	March 15 Sept. 15		Under the new law for fiscal year partnerships, returns will be due on the 15th day of the 3rd month after the year-end. A six-month extension is allowed from that date.
S Corporation (calendar year) Form 1120S	March 15 Sept. 15	March 15 Sept. 15		No change
Trust and Estate Form 1041	April 15 Sept. 15	April 15 Sept. 30		
C Corporation (calendar year) Form 1120	March 15 Sept. 15	Before Jan. 1, 2026	After Dec. 31, 2025	Starting with 2016 tax returns, all other C corps besides Dec. 31 and June 30 year-ends (including those with other fiscal year-ends) will be due on the 15th of the 4th month after the year-end. A six-month extension is allowed from that date.
		April 15 Sept. 15	April 15 Oct. 15	
C Corporation Fiscal Year End (other than Dec. 31 or June 30)	15th day of 3rd month after year-end 15th day of 9th month after year-end	15th day of 4th month after year-end 15th day of 10th month after year-end		
C Corporation June 30 Fiscal Year Form 1120	Sept. 15 March 15	Before Jan. 1, 2026	After Dec. 31, 2025	Special rule for C Corporations with fiscal years ending on June 30 — the new due date rules will go into effect for returns with taxable years beginning after Dec. 31, 2025 (2027 filing season).
		Sept. 15 April 15	Oct. 15 April 15	
Individual Form 1040	April 15 Oct. 15	April 15 Oct. 15		No change
Exempt Organizations Forms 990	May 15 Aug. 15 Nov. 15	May 15 Nov. 15		New extension will be a single, automatic 6-month extension, eliminating the need to process the current first 90-day extension.
Employee Benefit Plans Forms 5500	July 31 Oct. 15	July 31 Oct. 15		No change. (Federal law enacted in December 2015 repealed a previously enacted extension.)
Foreign Trusts with a U.S. Owner Form 3520-A	March 15 Sept. 15	March 15 Sept. 15		No change
FinCEN Report 114	June 30	April 15 Oct. 15		Foreign Bank and Financial Accounts Report (FBAR)
Information Returns (i.e., W-2 and 1099s)	To IRS/SSA — Feb. 28 and March 31 if filed electronically.	Forms W-2 and certain 1099-MISC due to IRS/SSA Jan. 31. All other Forms 1099 due Feb. 28; March 31 if filed electronically.		Form W-2 and most Forms 1099-MISC due to IRS/SSA Jan. 31 (same date they are due to the taxpayer).

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Table 2: Due Dates to File a Return or an Extension for 2016 Tax Season

Apply to returns for taxable year beginning after December 31, 2015

	Calendar Year		Fiscal Year	
	First Deadline	Extended Deadline	First Deadline	Extended Deadline
Individual Income Tax Return (Form 1040)	April 17, 2017	October 16, 2017	N/A	N/A
Trust and Estate Income Tax Return (Form 1041)	April 17, 2017	October 2, 2017	the 15th day of the fourth month following the end of the tax year	five months extension
Partnership Returns (Form 1065)	March 15, 2017	September 15, 2017	the 15th day of the third month following the end of the tax year	six months extension
C Corporation Returns (Form 1120)	April 17, 2017	September 15, 2017	the 15th day of the fourth month following the end of the tax year	six months extension
C Corporation Returns - June 30 Year-end	N/A	N/A	September 15, 2016	April 15, 2017
S Corporation Returns (Form 1120S)	March 15, 2017	September 15, 2017	the 15th day of the third month following the end of the tax year	six month extension
FBAR (Fincen Form 114)	April 15, 2017	October 15, 2017	N/A	N/A
Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts (Form 3520)	April 17, 2017	October 16, 2017	N/A	N/A