

## Tax Notes

# New Tax Return Due Dates May Have Unintended Adverse Consequences

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The Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 (P.L. 114-41) modifies due dates for several different tax returns. These new due dates will affect **2016 tax returns filed during the 2017 tax filing season**. (See [chart](#) of changed due dates.)

The major change taking place will be the flip flopping of due dates for partnership and corporation tax returns. Partnerships (Form 1065) will now have a filing due date of March 15<sup>th</sup> whereas C Corporations (Form 1120) will have a due date of April 15<sup>th</sup>. The overall goal of changing the due dates is designed to relieve the April 15<sup>th</sup> crunch between partnership, corporation and individual returns, although it may have an adverse impact for two reasons.

### Timing of Financial Audits vs. Tax Return Preparation

First, in many instances partnerships are required to undergo a financial audit. Historically, most partnership financial audits are planned around the late February to early March time frame, leaving ample time to get tax returns filed by April 15<sup>th</sup>. With the pushed up due date of March 15<sup>th</sup>, the audit and tax processes will have to be planned diligently to avoid having to file a partnership extension. In many cases this will be unavoidable, and it will result in the same April 15<sup>th</sup> crunch that these regulations were seeking to relieve. Also, additional time will be needed to file extension forms, which often require unique calculations of estimated taxes which may be due for certain state tax jurisdictions.

### State Tax Return Considerations

The second reason involves whether state tax jurisdictions in which the entity operates follow the new due date changes imposed by the federal government. Many states, for example, have enacted or are considering enactment of conforming legislation. However, there could be a situation in a given state where the state tax return is due well before — or well after — the federal due date. When considering that corporations and some partnerships pay tax to various jurisdictions, this will result in confusion, and potentially missed or late payments of tax which may cause penalties and interest to be due.

So far, the following states have enacted conforming legislation: Alabama, Arizona, California, Florida, Georgia, Maryland, Mississippi, New Hampshire, New Mexico, New York, Oregon, South Carolina, Oklahoma, and West Virginia.

### Other Tax Form Due Date Changes

As illustrated in the [chart](#), Forms W-2 and 1099-MISC will now be required to be submitted to the IRS on January 31<sup>st</sup> vs. the former due date of February 28<sup>th</sup>. This will require companies to scramble a bit in getting their bonus calculations and vendor payments analyzed to determine requirements for reporting employee and non-employee compensation.

## Bottom Line

The bottom line is that taxpayers and practitioners will have to diligently plan their processes and work flows to adhere to the new deadlines.

## Contact Us

If you need help with any aspect of new tax compliance deadlines, please contact Edward E. Granelli, Jr., CPA, Partner at [egranelli@pkfod.com](mailto:egranelli@pkfod.com) or your tax advisor at PKF O'Connor Davies.

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