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Reports

The IRS is reminding small business owners that they have just a couple of more weeks – until June 2, 2015 to be exact – to qualify for special tax relief if they haven't filed annual retirement plan reports on time (IR-2015-74, 5/1/15).

May. 07, 2015

The IRS is reminding small business owners that they have just a couple of more weeks – until June 2, 2015 to be exact – to qualify for special tax relief if they haven't filed annual retirement plan reports on time (IR-2015-74, 5/1/15). This tax break is available under a pilot program launched last year with a one-year expiration date.

The reminder from the IRS coincides with national "Small Business Week" lasting from May 4 through May 8. Getting in under the wire may save the business client a stiff tax penalty for filing a late return.

Normally, administrators for small business retirement plans are required to file annual returns with the IRS, usually Form 5500-EZ for small entrepreneurs. Form 5500-EZ and other forms in the 5500 series must be filed by the last day of the seventh calendar month following the end of the plan year (not to exceed 12 months). In other words, the deadline for a plan year ending in 2014 is July 31, 2015. Late filers may be assessed, upon notice and demand, a penalty of \$25 for each day the failure continues, up to a maximum of \$15,000 per return.

The IRS initiated the special program in 2014 to help small business owners who aren't aware of the reporting requirements that apply to their retirement plans. The program is generally open to certain small business (owner-spouse) plans, plans of business partnerships (together, one-participant plans) and certain foreign plans. By filing a late return by the June 2, deadline an eligible business owner can avoid a penalty.

A one-participant plan is a retirement plan with one or more participants that:

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There's no filing fee or other payment required.

What if you've already been assessed a penalty for a late filing? In that case, you're out of luck.

More details are available in an IRS YouTube video as well as in Rev. Proc. 2014-32 posted on www.irs.gov. Pass this information along to your small business clients who might be affected.

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