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INCOME TAX

It's Easy To File An Income Tax Extension: All You Have To Do Is Ask

The red-letter due date for filing for individual tax returns – April 18 for most taxpayers around the country – is rapidly approaching. When it's needed or preferred, you can obtain a six-month extension for filing Form 1040, merely by asking the IRS.

Mar. 25, 2016

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Form 4868 <small>Department of the Treasury Internal Revenue Service (IRS)</small>	Application for Automatic Extension of Time To File U.S. Individual Income Tax Return
<small>For calendar year 2010, or other tax year beginning</small> <input type="text"/> <small>, 2010, ending</small> <input type="text"/> <small>, 20</small>	
Part I Identification	Part II Individual Income Tax
1 Your name(s) (see instructions) Address (see instructions) City, town, or post office State ZIP Code	4 Estimate of total tax liability for 2010 5 Total 2010 payments 6 Balance due. Subtract line 5 from (see instructions) 7 Amount you are paying (see instructions)
2 Your social security number 3 Spouse's social security number	8 Check here if you are "out of the country" citizen or resident (see instructions) 9 Check here if you file Form 1040NR (or 1040-SS) and did not receive wages as an employee income tax withholding
<small>For Privacy Act and Paperwork Reduction Act Notice, see page 4.</small>	
<small>Cat. No. 13141W</small>	

The red-letter due date for filing for individual tax returns – April 18 (this year, because of a holiday in Washington D.C.) for most taxpayers around the country – is rapidly approaching. When it's needed or preferred, you can obtain a six-month extension for filing Form 1040, merely by asking the IRS. In fact, extensions are available for other major income tax returns, including Forms 1120 for corporations, 1065 for partnerships and 1041 for estates and trusts. Here's a brief roundup of the rules.

Form 1040 (Individuals): For starters, a calendar-year taxpayer is entitled to an automatic extension to file and pay tax if *either* of these two requirements are met:

- You're living outside of the U.S. and Puerto Rico and your main place of business or post of duty is outside the U.S. and Puerto Rico, or
- You're in military or naval service on duty outside the U.S. and Puerto Rico

As a result, certain non-resident taxpayers and those in the armed forces effectively have until June 15, 2016 to complete their 2015 returns.

Everyone else may request an automatic six-month extension to October 17, 2016 to file your 2015 return. This may be recommended if you don't have all the information necessary to complete your return, you still have important tax return decisions to make (e.g., retirement plan contributions) or you're otherwise unable to file on time. Caveat: This extension doesn't prolong the requirement to pay tax.

Form 1120 (Corporations): As with individual returns, a corporation can benefit from an automatic six-month filing extension by making the request by the tax return deadline. Thus, for 2015 returns, a corporation was required to take action by March 15, 2016, providing leeway until September 15, 2016. Typically, the request is made when the corporation hasn't compiled all the information needed to complete the return.

Note that the due dates for corporate returns are changing. For tax years beginning after 2015, the initial due date will be moved to April 15 to coincide with individual returns. However, under transitional rules, the extension for calendar-year corporations will remain at five months until 2026.

For fiscal-year C Corporations with a tax year ending on June 30, special rules will apply. The initial due date of September 15 will remain the same for these C corporations until tax years beginning after 2025, when it will be postponed a

month until October 15. The current March 15 due date for extensions will be moved to April 15 for tax years beginning after 2015.

Form 1065 (Partnerships): Partnerships generally are required to file Form 1065 for 2015 by April 18, 2016. Normally, you can request an automatic five-month filing extension to September 15, 2016 or, if you're a large partnership filing Form 1065-B, you may benefit from a six-month extension to October 17, 2016. An extension may be helpful in coordinating the K-1s distributed to individual partners.

However, for partnerships that keep their records and books of account outside the U.S. and Puerto Rico, an automatic extension of time to file and pay tax is granted to June 15, 2016. This is comparable to the rules for individual taxpayers residing outside our borders.

Beginning next year, the rules for partnerships are also changing slightly. The current April 15 due date for Form 1065 will be moved to March 15 so partners will better be able to complete their individual tax returns on time. But the extension deadline will remain September 15.

Form 1041 (Estates and trusts): The regular deadline for filing 2015 income tax returns for estates and trusts is April 18, 2016, just like it is for individual taxpayers. But estates and trusts are only eligible for the same five-month extension—not six months – available to most partnerships. Accordingly, you have until a September 15, 2016 to file the return for an estate or trust for the 2015 tax year. This extension can buy you more time to collect all the necessary information.

These extensions can be valuable for clients who have legitimate reasons for a delay or those who show up at your office with a shoebox of receipts as the clock is winding down. There's no concrete evidence that an extension increases your audit risk, although some practitioners maintain that it does (while others argue that it actually decreases the risk). In any event, keep these deadlines in mind through the end of the traditional "tax season" and beyond.

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