

TAX UPDATE

9/4/2015

Major Changes to 2016 Tax Year Deadlines

Recently the President signed a new law that changes the due dates for partnerships, corporations, estates and trusts, and individuals with foreign accounts. The law is known as P.L. 114-41, the *Surface Transportation and Veterans Health Care Choice Improvement Act of 2015*.

Although this new law was primarily designed as a 3-month stopgap extension of the Highway Trust Fund and related measures, it includes a number of important tax provisions, including revised extensions.

The new due dates will go into effect for the Tax Year 2016 (2017 Filing Season).

Summary of Changes

red text = new deadlines

Entity Type	Return Type	Current Original & Extended Due Date	New Deadlines for Tax Years 2016 and Beyond
Partnerships	Form 1065	April 15 September 15	March 15 September 15
S-Corp	Form 1120S	March 15 September 15	(No Change)
Trusts	Form 1041	April 15 September 15	April 15 September 30
Corporations with 12/31 Fiscal Year Ends	Form 1120	March 15 September 15	Before 12/31/2025 April 15 September 15 After 12/31/2025 April 15 October 15

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Entity Type	Return Type	Current Original & Extended Due Date	New Deadlines for Tax Years 2016 and Beyond
Corporations with 6/30 Fiscal Year Ends	Form 1120	September 15 March 15	<p>Before 12/31/2025 September 15 April 15</p> <p>After 12/31/2025 October 15 April 15</p> <p><i>Special rule for C-Corps with fiscal years ending on June 30: the new due date rules will go into effect beginning after December 31, 2025 (2027 Filing Season).</i></p>
Individuals	Form 1040	April 15 October 15	(No Change)
Non-Profits	Forms 990	May 15 August 15 November 15	<p>May 15 November 15</p> <p><i>Extension would be a single, automatic 6-mo extension, eliminating the need to process the current first 90-day extension.</i></p>
Employee Benefit Plans	Form 5500	July 31 October 15	July 31 November 15
Individuals with Foreign Trusts	Form 3520-A	March 15 September 15	(No Change)
Individual with Foreign Accounts	Financial Crimes Enforcement Network (FinCEN) Report 114 <i>fka Foreign Bank and Financial Accounts Report (FBAR) Form TD F 90-22.1</i>	June 30	April 15 October 15
Companies	Information Returns <i>i.e., W-2 and 1099s</i>	To IRS/SSA- February 28, and March 31 if filed electronically	(No Change)

Source: AICPA.org

Revised Due Dates for Partnership and C-Corporation Returns

Corporations (including S-Corps) currently must file their returns by the 15th day of the third month after the end of their tax year (March 15 for calendar year corporations). Partnership and LLC returns are due on the 15th day of the fourth month after the end of their tax year (April 15 for calendar year partnerships and LLCs). Since the due date of partnership and LLC returns is the same as the due date of individual returns, individuals holding partnership or LLC interests often must file for an extension because their Schedule K-1s may not arrive until the last minute.

Under the new law, a major restructuring of the due dates takes effect in 2016 for returns for tax years beginning after December 31, 2015:

- Partnerships, LLCs, and S-Corps – the due date will be the 15th day of the third month after the end of the tax year (March 15 for calendar year entities). In other words, the filing deadline for partnerships and LLCs will be accelerated by one month, while the filing deadline for S-Corps stays the same. The goal is to allow more individuals to file by April 15 by accelerating the issuance of K-1s.
- C-Corp returns will have to be filed by the 15th day of the fourth month after the end of the tax year (April 15 for calendar year entities). In other words, the filing deadline for C-Corps will be one month later than in the past. Under a special rule for C-Corps with June 30 year-ends, the change is deferred for ten years – it won't apply until tax years beginning after Dec. 31, 2025.

Keep in mind that these changes to the filing deadlines generally won't go into effect until the 2016 returns have to be filed. California will not automatically conform to any of these due date changes, so separate legislation will be required to change the California due dates for these returns.

Revised Extended Due Dates for Various Returns

For tax years beginning after December 31, 2015, the new law directs the IRS to modify its regulations to provide for a longer extension to file a number of forms, including:

- U.S. Return of Partnership Income (Form 1065) will have a maximum extension of six-months (currently, a 5-month extension). The extension will end on September 15 for calendar year taxpayers.
- U.S. Income Tax Return for Estates and Trusts (Form 1041) will have a maximum extension of five and a half months (currently, a 5-month extension applies). The extension will end on September 30 for calendar year taxpayers.
- Annual Return/Report of Employee Benefit Plan (Form 5500 series) will have a maximum automatic extension of three and a half months (under currently law, a 2½ month period applies). The extension will end on November 15 for calendar year filers.

FinCEN Report Due Date Revised

Taxpayers with a financial interest in or signature authority over certain foreign financial accounts must file Report of Foreign Bank and Financial Accounts FinCEN Form 114 (FBAR). Currently, this form must be filed by June 30 of the year immediately following the calendar year being reported, and no extensions are allowed.

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Under the new law, for returns for tax years beginning after December 31, 2015, the due date of FinCEN Report 114 will be April 15 with a maximum extension for a 6-month period ending on October 15. The IRS may also waive the penalty for failure to timely request an extension for filing the Report, for any taxpayer required to file FinCEN Form 114 for the first time.

What Do I Need to Do?

We encourage you to reach out to your tax advisor to go over the details of how this legislation will affect you or your business.

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