

Filing deadline rapidly approaching for flow-through entities



The federal income tax filing deadline for calendar-year partnerships, S corporations and limited liability companies (LLCs) treated as partnerships or S corporations for tax purposes is March 15. While this deadline is nothing new for S corporation returns, it's earlier than previous years for partnership returns.

In addition to providing continued funding for federal transportation projects, the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 changed the due dates for several types of tax and information returns, including partnership income tax returns. The revised due dates are generally effective for tax years beginning after December 31, 2015. In other words, they apply to the tax returns for 2016 that are due in 2017.

The new deadlines

The new due date for partnerships with tax years ending on December 31 to file federal income tax returns is March 15. For partnerships with fiscal year ends, tax returns are due the 15th day of the third month after the close of the tax year.

Under prior law, returns for calendar-year partnerships were due *April* 15. And returns for fiscal-year partnerships were due the 15th day of the *fourth* month after the close of the fiscal tax year.

One of the primary reasons for moving up the partnership filing deadline was to make it easier for owners to file their personal returns by the April 15 deadline (April 18 in 2017 because of a weekend and a Washington, D.C., holiday). After all, partnership (and S corporation) income flows through to the owners. The new date should allow owners to use the information contained in the partnership forms to file their personal returns.

Extension deadlines

If you haven't filed your partnership or S corporation return yet, you may be thinking about an extension. Under the new law, the maximum extension for calendar-year partnerships is six months (until September 15). This is up from five months under prior law. So the extension deadline doesn't change — only the length of the extension. The extension deadline for calendar-year S corporations also remains at September 15. But you must file for the extension by March 15.

Keep in mind that, to avoid potential interest and penalties, you still must (with a few exceptions) pay any tax due by the unextended deadline. There may not be any tax liability from the partnership or S corporation return. But if filing for an extension for the entity return causes you to also have to file an extension for your *personal* return, you need to keep this in mind related to the individual tax return April 18 deadline.

Filing for an extension can be tax-smart if you're missing critical documents or you face unexpected life events that prevent you from devoting sufficient time to your return right now.

Please contact Ceschini, CPAs at (631) 474-9400 for more information about this topic and other tax and business developments – such as new IRS regulations and court decisions.

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