

New Tax Filing Deadlines Affect Unsuspecting LLCs and Partnerships For 2017

Several tax bills passed by Congress late in 2015 changed the deadlines for filing federal income tax returns for partnerships and most limited liability companies, which are treated as partnerships for tax purposes. Other required filings might be affected as well.

The new rules generally take effect for tax years beginning after December 31, 2015, so that, for calendar year filers, the new deadline applies to 2016 tax returns, which are due in early 2017.

The most significant changes affect partnership tax returns (Form 1065) and C corporation tax returns (Form 1120). In brief, the due dates for these two types of returns were swapped, with partnership returns now due a month earlier on March 15th and C corporation returns due a month later on April 18th. The change is presumably intended to aid partners and members of an LLC in obtaining from the pass-through entity the information needed to file their individual tax returns at least a month in advance of the deadline. As a result, the owners of these entities will have more time to complete their returns and potentially reduce the need to seek extensions of their due dates and reduce pressure on tax preparers. But if the pass-through entity obtains an extension of time to file (which would presumably extend past April 15), the individual owners will likely still have to apply for an extension of time to file their own tax returns, as often occurred under prior law.

Also new for the tax reporting season in 2017, taxpayers with foreign bank accounts or certain other foreign assets (such as life insurance) will need to file the required reports on FinCEN 114 (FBAR) on the same date as their individual tax return, Form 1040, rather than June 30. But taxpayers can obtain an extension of the new accelerated deadline, and delay the filing of the FBAR until the individual extended deadline, October 16th. The FBAR dates will now conform to the due date and extended date for individual tax returns. (Additionally, the new law allows the IRS the discretion to waive the penalty for failure to file a timely extension request for any taxpayer required to file for the first time.)

Note that some of these filing dates for 2017 are extended by a day or two, whenever the regular tax filing date falls on a Saturday, Sunday, or a legal holiday in DC. In those cases, the due date for returns is pushed to the next business day.

For fiscal year filers, partnership and S Corporation tax returns will be due the 15th day of the third month after the end of their tax year. The filing date for S Corporations is unchanged from prior years. C Corporation fiscal year tax returns will be due the 15th day of the fourth month after the end of the tax year, however, the change extending the due date for C Corporations with a fiscal year ending June 30 is not effective until 2025.

With respect to state income tax returns for partnerships and corporation, taxpayers should check to see if the state deadlines have been changed to conform to the new federal time table, or remain unchanged.



A final practical note: Partnerships and LLCs that are not prepared to comply with the looming due date can file for an extension (using Form 7004). The rules now grant a longer extension period for partnership returns, up to a maximum of six months (rather than the current five-month extension), so that the extended due date is the same as it is currently, September 15th for calendar year taxpayers.

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