

The Bankler Report

August 10, 2015

INTRODUCTION

On July 31, 2015, President Obama signed the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015. This law—while it temporarily continues funding highway construction—changes and modifies the due date of several common tax forms. This portion of the law becomes effective for tax years beginning after December 31, 2015.

Current Law

- Currently, all corporate (C and S) federal income tax returns are due on the 15th day of the third month following the year end (calendar year corporations are due March 15). These returns can be extended until the 15th day of the ninth month following the year end (calendar year corporations are due September 15).
- Individuals, partnerships (including LLCs and LLPs taxed as a partnership), and trusts are due on the 15th day of the fourth month following the year end (calendar year entities are due April 15). Partnerships and Trusts returns can be extended until the 15th day of the ninth month (calendar year returns are due September 15). Individual tax returns can be extended until the 15th day of the tenth month (calendar year returns are due October 15).
- FinCen Form 114 (for individuals reporting foreign bank and financial accounts) is due June 30. The taxpayer could have his personal return extended until October 15, but this form could not be extended and must be timely filed.

Due dates changed and coordinated

- C Corporations (which can also be owners of flow-thru entities) will now have a due date on the 15th day of the fourth month following the year end (calendar year corporations will be due April 15), and be extended for an additional 5 months (due September 15).
- Partnerships will now be due on the 15th day of the third month following the year end (calendar year partnerships are due March 15). These returns can be extended until the 15th day of the ninth month following the year end (calendar year corporations are due September 15).
- Trusts will still be due on the 15th day of the fourth month following the year end (calendar year entities are due April 15) but can only be extended for 5 ½ months (due September 30).
- FinCen Form 114 (for individuals reporting foreign bank and financial accounts) will now be due on the 15th day of the fourth month following the year end (April 15) but can be extended for 6 months (due October 15th).

Other items affected by this law

- Mortgage lenders must now include additional information on the 1098s that they issue each January. Not only must they report the interest paid on the property, but also the outstanding principal balance at the beginning of each year, the address of the property securing the mortgage, and the mortgage origination date.
- The law also provides that anyone inheriting property from a decedent cannot treat the property as having a higher basis than the basis reported by the estate for estate tax purposes. It now requires the executors of estates filing an estate tax return to furnish information returns to the IRS and payee statements to any person acquiring an interest in property from the estate.

Please feel free to contact us should you have any questions or if we can assist in planning opportunities to reduce tax liabilities.