



State Additional Month After Federal Filing Deadline

Resources on a possible legislative solution for future years for affected states

Bullet points on why states should enact legislation in 2020 to have tax returns and extensions due one month after the federal due date and extension:

- In general, due to the complexity of the many federal tax computations, federal returns are filed at, or very near, the federal original and extended due dates. Because state returns often are dependent on the federal returns and state adjustments are needed, additional time is needed to submit a complete and accurate state return.
- State filing an additional month after federal filing provides time for taxpayers and practitioners to accurately calculate state allocation and apportionment.
- Taxpayers avoid the need to file state returns using estimates and a second filing of amended state returns based on complete federal return information, reducing administrative burden on taxpayers and tax preparers.
- State tax authorities avoid the need to process multiple returns for the same taxpayer, reducing additional burdens on state agencies.
- Changing the filing deadline should not affect the tax payment deadline, and therefore, should not impact state revenue. If changing the time of filing involves payment issues, the state could make a separate fifth tax payment date for the final tax payment that is normally due at the original due date of the state tax return.
- Specific issues that involve time for taxpayers and practitioners to accurately calculate state allocation and apportionment include:
 - Although the majority of the states start their taxable income base with line 28 or line 30 of federal Form 1120, U.S. Corporation Income Tax Return, many of the items of income and deductions necessary to arrive at federal taxable income are subject to modification by state statute. Of particular significance are the alternative depreciation methods and complex transactions that occur between members of affiliated groups filing consolidated Federal income tax returns.
 - Many states subject the modified tax base for multistate taxpayers to allocation and/or apportionment under a three-factor formula of property, payroll, and gross receipts to determine the percentage of a corporation's income subject to tax in a particular state. Much of the data needed to calculate the apportionment percentages comes from company sources outside the tax preparation function and is usually reconciled to the complied federal income tax return information.
- If impacted states do not enact an additional month after federal filing, taxpayers may need to file state returns using estimates and then file amended state returns, creating additional compliance burdens for taxpayers and tax preparers, and state tax authorities would need to process multiple returns for the same taxpayer, creating additional burdens on state agencies.

- The legislation would ensure that the state has:
 - State tax return due dates at least one month after the federal tax return due date.
 - State tax return due dates automatically extended with the granting of a federal extension.
 - An automatic state extension that only requires attaching a copy of the federal extension with the state return.

As a resource, we have provided the below **model legislative language** for state additional month after federal filing and a **chart of examples and links to sample states' legislative and administrative language models** of states with original and/or extended due dates one month after federal due dates for each type of taxpayer for you to refer to as possible models.

Note: The model language is written broadly to apply to all taxpayers, including individual taxpayers, and to apply to both original and extended due dates. Should a state decide to pursue more narrow legislation that only applies to business returns or only to the extended due date, we will still welcome and support the change.

**Model Filing Deadline Legislative Language
for State Additional Month After Federal Filing Deadline**

Include the below language in all portions of the state statute related to filing deadlines where needed for taxpayers other than estates and trusts

(for corporations, S corporations, partnerships, individuals, and tax-exempt entities)

- A. For tax years beginning on or after January 1, 2019, calendar year and fiscal year [taxpayer] returns shall be due no later than the 15th day of the month after the due date established under the Federal Internal Revenue Code, including any applicable extensions granted by the Internal Revenue Service.
- B. No penalty due to late filing shall be incurred by a taxpayer granted a federal extension if its state return is filed no later than the 15th day of the month after the period of time specified in the Federal extension. The [taxpayer] does not need to apply to the [revenue director] for an extension of time within which to file the taxpayer's state return.

Include the below language in the state statute related to estates and trusts filing deadlines

(for estates and trusts)

- A. For tax years beginning on or after January 1, 2019, calendar year estate and trust and fiscal year trust income tax returns shall be due no later than the 15th day of the month after the due date established under the Federal Internal Revenue Code, and the last day of the month after the federal extended due date for any applicable extensions granted by the Internal Revenue Service.
- B. No penalty due to late filing shall be incurred by an estate or trust taxpayer granted a federal extension if its state return is filed no later than the last day of the month after the period of time specified in the Federal extension. The estate or trust does not need to apply to the [revenue director] for an extension of time within which to file the taxpayer's state return.