



Changes in Longstanding Tax Return Due Dates Impact Retirement Plan Contribution Dates

Summary

Certain tax return and extension due dates will change for taxable years ending on or after December 31, 2016, based on provisions included in the Surface Transportation and Veterans Health Care Choice Improvement Act of 2015 that was signed into law on July 31, 2015. The changes represent years of lobbying by The American Institute of CPAs to have a more logical flow of tax return due dates, especially to have pass-through entity returns and the resulting Form K-1s due before individual and corporate tax returns affected by the information.

Details

New Due Dates

The main change is that partnership tax returns are due a month earlier, while most C Corporation tax returns are due a month later.

CAUTION: Special Circumstances Apply to Certain C Corporation Returns with a June 30 year-end.

Even though these changes will prove to be useful, there are a few oddities that confuse when a Form 1120 for C Corporations is due. In order to balance the bill's impact on tax revenue over a 10 year period, C Corporations have a number of due dates to keep track of depending on the year-end of the corporation.

The table below highlights the new and existing original and extension due dates by form type.

Return	Current Due Dates	New Due Dates	Notes
Individual, Form 1040	April 15th Extendable to October 15th	April 15th Extendable to October 15th	No changes
Partnership, Form 1065	April 15th Extendable to September 15th	March 15th Extendable to September 15th	Fiscal year partnerships will have a due date the 15th day of the 3rd month after year-end with a six-month extension
S Corporation, Form 1120S	March 15th Extendable to September 15th	March 15th Extendable to September 15th	No changes for S Corporation entities
C Corporation with a 12/31 Year-End, Form 1120	March 15th Extendable to September 15th	April 15th Thru 2025: Extendable to September 15th, 2026 and thereafter: Extendable to October 15th	The extension due date for calendar year-end C Corporations will remain the same through 2025 and then change by a month in 2026



Return	Current Due Dates	New Due Dates	Notes
C Corporation with a 6/30 Year-End, Form 1120	September 15th Extendable to March 15th	Pre-2026: September 15th Post-2026: October 15th	C Corporations with 6/30 year-ends will not have their original due date change until 2026
C Corporation with All Other Year-Ends, Form 1120	15th day of 3rd month after year-end Extendable to the 15th day of 9th month after year-end	15th day of 4th month after year-end Extendable to the 15th day of 10th month after year-end	For C Corporations with year-ends other than 12/31 or 6/30
Trusts & Estates, Form 1041	April 15th Extendable to September 15th	April 15th Extendable to September 30th	Trusts and estate returns will have a 5 ½ month extension
Exempt Organizations, Form 990	May 15th Extendable to August 15th Second extension to November 15th	May 15th Extendable to November 15th	Instead of two three-month extensions, Exempt Organizations will have one six-month extension

Insights

No plan sponsor who relies on its extended tax return to determine the payment requirement will have an earlier deadline under these new rules. Partnerships that file the Form 1065 without extension will need to pay retirement plan contributions one month earlier than the current rules allow.

Background and Authority

Sponsors of qualified retirement plans rely heavily on a special rule that allows them to deduct contributions made next year on this year's income tax return. The general deduction rule that requires accrual basis taxpayers to pay amounts within 2 1/5 months following the year-end in order to deduct on the current year's return, is trumped by IRC 404 that governs all deductions for contributions of an employer to an employees' trust. Specifically, IRC section 404(a)(6) provides the following:

“Time when contributions deemed made. For purposes of paragraphs (1), (2), and (3), a taxpayer shall be deemed to have made a payment on the last day of the preceding taxable year if the payment is on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (including extensions thereof).”

Therefore, the aforementioned changes to the tax return due dates affect the timing of the employer deductions.