



## State Tax Return 1 Month AFTER Federal Extended Due Date

### Background

Approximately half of all states now require business entity (corporate, partnership, and S corporation) income tax and information return to be filed on the same due date as the federal return due date.

### Problem

In these states, taxpayers and practitioners do not have adequate additional time after filing the federal return to prepare the state returns. During the pandemic, many practitioners and employees are required to work remotely, which makes state tax information gathering more difficult.

### Solution

Allowing **at least one month** after the federal due date before requiring the state return to be filed.

### Why does an extra month matter?

- There is no revenue effect for states changing the filing extended due date as the payment due dates can remain unchanged.
- Many federal business returns are filed near the extended due date because needed information is not available until after an audit or other calculations.
- State law ties state return information to data that is calculated on the federal return. Much of the state return work cannot begin until the federal return is complete.
- Giving taxpayers an additional month to file the state return after the federal return is filed provides time for taxpayers and practitioners to produce a more accurate and complete return. State returns required to be filed on the same date as the federal return may contain more mistakes and might be less complete.
- These rushed returns lead to more amended returns from taxpayers and more adjustments and notices from state and local Departments of Revenue (DOR). Having more accurate and complete returns benefits everyone, including DORs.
- Rushed returns often cannot be e-filed because state e-file systems often will not accept returns with any mistakes, even inconsequential mistakes. With no time to correct mistakes, taxpayers are compelled to print and file paper returns.

### Considerations for Advocacy with DORs & Policymakers

- Which taxpayers should have Fed + 1 month?
  - AICPA [supports](#) Fed + 1 month due dates for all taxpayers (corporations, partnerships, S corporations, individuals, fiduciaries (trusts and estates), and tax-exempt organizations) for both original and extended due dates.
  - We note that changing the due date of partnership information returns may impact some individuals. Some individual returns cannot be filed until after partnership information returns



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are filed. Once partnership due dates are changed, it might become more challenging not to also change the individual due date. We note that changes to individual returns may be more challenging for some state DOR systems and processes.

- Because business entities, including corporations, partnerships, and S corporations, often require consideration of more complicated state allocation and apportionment issues and returns, some states may find it more important and easier to first make due date changes applicable only to business entities (corporations, partnerships, and S corporations).
- Should the Fed + 1 month due date apply to original due dates or just the extended due date?
  - AICPA [supports](#) Fed + 1 month for both original and extended due dates. However, we realize that because returns can be extended, applying Fed + 1 month to the extended due date is more essential.
  - Changes to original due dates potentially may affect state DOR systems and state revenue streams, specifically impacting interest and penalty calculations and some payment due dates.

### Impacted States

The states that currently do NOT provide at least one month after federal filing for extended returns for corporations and pass-through entities are as follows:

#### Impacted States that Do NOT Provide at Least One Month After Federal Filing

State	Corporations	Partnerships	Comments
Alabama	Needs Change	Needs Change	
Arizona		Needs Change	
Colorado	Needs Change		
Connecticut		Needs Change	
Delaware	Needs Change	Needs Change	
District of Columbia	Needs Change for separate filers only		For non-combined corporate filers
Florida	Needs Change	Needs Change	Due 1st day of month after federal
Georgia	Needs Change	Needs Change	
Hawaii	Needs Change		Due 20 <sup>th</sup> day of same month as federal
Idaho	Needs Change		
Illinois	Needs Change		
Iowa	Needs Change		Due end of same month as federal
Maine	Needs Change	Needs Change	
Massachusetts	Needs Change for separate filers only	Needs Change	For non-combined corporate filers



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State	Corporations	Partnerships	Comments
Minnesota		Needs Change	
Mississippi	Needs Change	Needs Change	
Missouri	Needs Change		
Montana		Needs Change	
Nebraska	Needs Change	Needs Change	Additional extension may be requested
New Jersey		Needs Change	
New Mexico	Needs Change	Needs Change	Additional extension may be requested
New York / New York City	Needs Change	Needs Change	Additional extension may be requested
North Carolina	Needs Change	Needs Change	
North Dakota		Needs Change	
Ohio		Needs Change	
Oregon		Needs Change	
Pennsylvania		Needs Change	
Rhode Island	Needs Change	Needs Change	
South Carolina	Needs Change	Needs Change	
Utah	Needs Change	Needs Change	
West Virginia	Needs Change	Needs Change	Additional extension may be requested
Wisconsin		Needs Change	