

IRM PROCEDURAL UPDATE

DATE: 05/09/2016

NUMBER: WI-21-0516-0884

SUBJECT: P.L. 114-41 Return Due Date Change Form 1065 and Form 1120 Series, Work Around

AFFECTED IRM(s)/SUBSECTION(s): 21.7.4

CHANGE(s):

IRM 21.7.4.4.2.3.1.1 Added new subsection - Form 1065 Short Period Final Returns with Tax Period Beginning After December 31, 2015.

1. The Surface Transportation and Veterans Health Care Choice Improvement Act of 2015, P.L. 114-41, changed the due date for filing Form 1065 partnership returns and is effective for taxable years beginning after December 31, 2015. See IRM 21.7.4.4.2.3.1, Form 1065 Partnership Return Due Dates – Tax Years Beginning after December 31, 2015, for more information.
2. The return due date for Form 1065 partnership returns with a taxable year beginning after December 31, 2015 has changed from the 15th day of the fourth month (April 15th for calendar year filers) to the 15th day of the third month (March 15th for calendar year filers) following the close of the tax year. Work requests to update Form 1065 due date programming for Form 1065 are scheduled to be implemented in July 2016.
3. Form 1065 partnerships filing short period or final returns with tax years beginning after December 31, 2015, may not be processed correctly during 2016. Short period partnership returns will be assigned computer condition code (CCC) "Y." Partnership returns that are marked final will be coded with CCC "F." Partnership returns coded CCC Y or F will be manually reviewed to ensure that they are processed correctly.

4. #  #

NOTE: # [Redacted]

- 5. # [Redacted]
- o # [Redacted]
- o # [Redacted]

IRM 21.7.4.4.2.5.1 Added new subsection - Form 1065 Short Period Final Returns with Tax Period Beginning After December 31, 2015, filing Extension Requests.

- 1. The Surface Transportation and Veterans Health Care Choice Improvement Act of 2015, P.L. 114-41, changed the due date for filing Form 1065 partnership returns and is effective for taxable years beginning after December 31, 2015. See IRM 21.7.4.4.2.3.1, Form 1065 Partnership Return Due Dates – Tax Years Beginning after December 31, 2015, for more information.
- 2. # [Redacted]
- 3. # [Redacted]

- # [REDACTED]
- # [REDACTED]

IRM 21.7.4.4.2.1.1 Added new subsection - Form 1120 Short Period Final Returns with Tax Period Beginning After December 31, 2015.

1. The Surface Transportation and Veterans Health Care Choice Improvement Act of 2015, P.L. 114-41, changed the due date for filing certain Form 1120 corporate returns for taxable years beginning after December 31, 2015. See IRM 21.7.4.4.2.1, Form 1120 Corporate Series Return Due Dates – Tax Years Beginning after December 31, 2015, for more information.
2. For taxable years beginning after December 31, 2015, the return due date for the Form 1120 family of returns (except Form 1120-C, Form 1120S, and Form 1120-IC-DISC) has changed from the 15th day of the third month (March 15th for calendar year filers) to the 15th day of the fourth month (April 15th for calendar year filers) following the close of the tax year with one exception:
 - The income tax return of a C corporation that ends its tax year on June 30 remains due on or before the 15th day of the third month following the close of the fiscal year for tax years beginning after December 31, 2015 and before January 1, 2026.
3. Work requests to update programming cannot be implemented prior to January, 2017. Therefore, IRS computer systems will consider returns with the new due date that are processed before 2017 late by one month, and incorrect penalties and interest would be assessed if the IRS did not take action to prevent the assessment.
4. C corporations filing short period final returns with tax years beginning after December 31, 2015, that were previously due by the 15th day of the third month are now due by the 15th day of the fourth month, except for those C corporations with a taxable year ending on June 30 and beginning prior to January 1, 2026. These short period returns may not be processed correctly during 2016. Corporate returns that are marked final and are assigned computer condition code (CCC) “F” and/or short period returns that are assigned CCC “Y” that end on or before November 30, 2016, and were charged penalties and interest, will have the notice fall out to Notice Review (NR) to determine if it is correct or needs adjusting.

5. IRM 3.14.2.11, 1120 Work Around – Short Period Return with Tax Period Beginning date of 201601 and Subsequent (Processing Year 2016 Only), has been updated to include guidance for Submission Processing for a workaround in Notice Review (NR) who will review affected notices via NRPS selection criteria and will abate or recalculate penalties and/or interest when necessary on corporate returns.

6. If the tax period beginning date is after December 31, 2015, and the # [REDACTED] #

- o # [REDACTED] #
- o # [REDACTED] #

NOTE: If the tax period ends on June 30, 2016, then the penalty is correct and no action is necessary.

7. If the tax period beginning date is after December 31, 2015, and the # [REDACTED] #

- o # [REDACTED] #
- o # [REDACTED] #
- o # [REDACTED] #

8. If an inquiry is received from a taxpayer stating that they believe the return was not late, determine whether it meets the criteria in paragraph (7) above. Follow the procedures in the paragraph if the criteria is met. Input penalty reason code 043 when adjusting. Also, input hold code 0 and allow the adjustment notice to generate.

IRM 21.7.4.4.5.1 Added new subsection - Form 1120 Short Period Final Returns with Tax Period Beginning After December 31, 2015 Filing Extension Requests.

1. The Surface Transportation and Veterans Health Care Choice Improvement Act of 2015, P.L. 114-41, changed the due date for filing certain Form 1120 corporate returns for taxable years beginning after December 31, 2015. See IRM 21.7.4.4.2.1, Form 1120 Corporate Series Return Due Dates – Tax Years Beginning after December 31, 2015, for more information.

2. For short tax periods beginning after December 31, 2015, the federal income tax return for the Form **1120** family of returns (except Form **1120-C**, Form 1120S and Form 1120-IC-DISC) and therefore, the date by which a C corporation may request an automatic extension of time to file the return using Form 7004, is the 15th day of the fourth month following the close of the corporations tax year with one exception as follows:
 - The income tax return of a C corporation that ends its tax year on June 30 remains due on or before the 15th day of the third month following the close of the fiscal year for tax years beginning after December 31, 2015 and before January 1, 2026.

3. The duration of the extension of time to file is based on the month that the C corporation's tax year ends. For tax years beginning after December 31, 2015, and before January 1, 2026, if the taxpayer's tax year ends:
 - December 31, the duration of the extension of time to file is five months.
 - June 30, the duration of the extension of time to file is seven months.
 - Any other month than June or December, the duration of the extension of time to file is six months.

4. If it is determined that the Form 7004 is for a tax period beginning after December 31, 2015, and the C corporation return is other than Form **1120-C**, Form 1120S or Form 1120-IC-DISC, and the extension of time to file is filed:
 - By the 15th day of the third month (the previous return due date), a six-month extension will be granted.
 - # [REDACTED] #
 - # [REDACTED] #

5. If an inquiry is received for a tax period beginning after 12/31/2015, stating that the taxpayer filed an extension request for a C corporation for the Form **1120** family of returns (other than Form **1120-C**, Form 1120-IC-DISC or for tax years ending on June 30) by the 15th day of the fourth month, and research:
 - Verifies the claim, input TC 460 and allow an extension of the duration indicated in paragraph (3) above, calculated from the due date of the Form 1120.
 - Indicates that the request for extension was filed after the 15th day of the fourth month, advise the taxpayer that the request for extension was filed late and do not abate the penalty.

NOTE: When necessary, the tax period begin date can be determined by looking at the tax period end date of the previous tax period if a return was previously filed for that period. If the tax period began before 1/1/2016, then the extension is late if it was filed after the 15th day of the 3rd month following the close of the tax period.

IRM 21.7.4.4.11.15(5) - (8) Updated the return due date information and the information concerning requests for extensions of time to file Form 1120-C.

5. For tax years beginning before January 1, 2016, a cooperative described in IRC 6072(d) may file its income tax return by the 15th day of the ninth month after the end of its tax year. Any cooperative not described in IRC 6072(d) must file its income tax return by the 15th day of the third month after the end of its tax year. In addition, cooperatives may file Form 7004, **Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns**, to request an automatic six month extension of time to file. Form 7004 must be filed on or before the original due date of the Form 1120-C that is being filed.
6. For tax years beginning after December 31, 2015, a cooperative described in IRC 6072(d) may file its income tax return by the 15th day of the ninth month after the end of its tax year. Any cooperative not described in IRC 6072(d) must file its income tax return by the 15th day of the fourth month after the end of its tax year, unless its tax year ends on June 30 and before 2026, in which case its income tax return is due the 15th day of the third month after the end of its tax year.
7. # [REDACTED] #
8. For tax years beginning after December 31, 2015, a cooperative may file Form 7004, **Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns**, to request an automatic five-month, six-month, or seven-month extension based on its fiscal year ending month, regardless of whether the cooperative is described in IRC 6072(d). The cooperative must file Form 7004 on or before the original due date of its Form 1120-C. (See IRM 21.7.4.3.6, Form 7004, Application for Automatic Extension of Time to File Certain Business Income Tax and Other Returns - Tax Years Beginning After December 31, 2015, for more information).