



Date: 11.04.16

FTB NOTICE 2016-04

SUBJECT: AUTOMATIC PAPERLESS EXTENSIONS, CORPORATION TAX LAW

PURPOSE:

To specify pursuant to section 18604 of the Revenue and Taxation Code¹ the extension of time for filing returns for taxpayers subject to the Corporation Tax Law, for taxable years beginning on or after January 1, 2016.

BACKGROUND:

Section 18604 allows the Franchise Tax Board to grant a reasonable extension of time for filing a return for taxpayers subject to the Corporation Tax Law, in a manner and form as the Franchise Tax Board may determine. No extension shall aggregate more than seven months from the due date for filing the return. FTB Notice 92-11 (March 23, 1992) provided a seven-month extension to the 15th day of the 10th month for C Corporation returns due beginning in 1993. AB 1775 (Stats. 2016, Ch. 348) conformed California law to corresponding federal law, changing the original due date for C Corporation returns from the 15th day of the third month following the close of the taxable year to the 15th day of the fourth month following the close of the taxable year for returns for taxable years beginning on and after January 1, 2016.

PROCEDURE:

For taxable years beginning on or after January 1, 2016, the Franchise Tax Board will keep the extended due date for C Corporations and Limited Liability Companies (LLCs) taxed as C Corporations as the 15th day of the 10th month following the close of the taxable year, and thus will allow an automatic six-month extension to file a return without the need to file a written request if the return is filed within six months of the original due date. The six-month extension period applies to all taxpayers in good standing filing Forms 100 (including REITs, REMICs, and RICs), 100W, and 100S; and to taxpayers in good standing filing forms 109 and 199. The granting of the extension is conditioned on the filing of a return within the automatic extension period.

¹ Unless otherwise stated, statutory references refer to the Revenue and Taxation Code.

The extended filing due date for S Corporations will be the 15th day of the 9th month after the close of the tax year. The extended filing due date for exempt organizations will be the 15th day of the 11th month after the close of the tax year. The extended filing due date for employee's trusts (IRC 401(a)) or IRAs will be 15th day of the 10th month following the close of the tax year. The extended filing due date for cooperative associations as described in Section 24404 will be the 15th day of the 15th month following the close of the tax year.

For taxable years beginning on or after January 1, 2016 and before January 1, 2026, the period of extension for a short period C Corporation return for a period ending June 30, required to be filed on the 15th day of the third month following the close of the taxable year pursuant to Section 18601, subdivision (c), shall be seven months, so the extended due date remains the 15th day of the 10th month following the close of the tax year.

This extension of time to file is not an extension of time to pay. Tax is due on the original due date of the return, without regard to extension. A delinquent (failure to file) penalty under Sections 19131, 19172.5, and 23772 will not be imposed on any return filed by the extended due date. However, if the return is not filed by the extended due date, no extension exists, and the penalty amount will be computed based on the original due date.

The automatic paperless extension granted to individuals and entities subject to the Personal Income Tax Law continues to be six months.² For taxable years beginning on or after January 1, 2016, AB 1775 changes the original due dates for partnerships, LLCs taxed as partnerships, and single member LLCs (SMLLCs) owned by a pass-through entity (S corporation, partnership, or LLC taxed as a partnership) to the 15th day of the third month following the close of the tax year and the extended filing due date will be the 15th day of the 9th month following the close of the tax year. For SMLLCs not owned by pass-through entities, the original filing date will be the 15th day of the fourth month following the close of the taxable year and the extended filing due date will be the 15th day of the 10th month after the tax year. For more information, please refer to the instructions for FTB Forms 565, 568, 3537, and 3538, and FTB Notice 91-3.

This Notice supersedes FTB Notice 92-11 (March 23, 1992) for taxable years beginning on or after January 1, 2016.

The principal author of this notice is Brian Werking of the Franchise Tax Board, Legal Division. For further information regarding this notice, contact Mr. Werking at P.O. Box 1720, Rancho Cordova, CA 95741-1720.

² Rev. & Tax. Code, § 18567 and Cal. Code of Regs., tit. 18, § 18567.