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Massachusetts grants 2010 combined filers seven-month extension period

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Corporate taxpayers subject to a combined reporting obligation for 2010 will qualify for a seven-month filing extension, provided a valid extension request was timely filed electronically with the Massachusetts Department of Revenue. For calendar year taxpayers, this will result in an extended filing due date of October 15, 2011. The seven-month extension also applies to any non-income measure filings by the taxable members of the combined group if such members report their non-income measure using the same tax year end as the combined group. [Mass. Dept. of Rev., [Directive 11-5](#), 8/19/11]

The seven-month extension is available upon request by the combined group, provided 50 percent of the total amount of tax due in connection with the combined report from all of the member taxpayer corporations has been paid by the original due date. For the tax year beginning on or after January 1, 2010 but before January 1, 2011, a combined reporting filer that has previously requested a six-month extension will automatically be granted seven-month extension; an additional request need not be filed. Failure to pay 50 percent of the total amount of tax due by the original due date of the return voids any extension of time and the combined report is subject to penalty as a late return.

Combined filers that do not apply for the extension are still entitled to the automatic extension described in [TIR 06-21](#), provided that all the conditions for that extension have been met. The automatic extension will be for seven months. **(Note.** An



automatic extension under [TIR 06-21](#), applies when no tax is due with the return and 100 percent of tax due for the taxable year has been paid via withholding, timely estimated tax payments, credits from the current year return, and/or overpayments applied from the prior tax year to the current tax year.)

A corporation included in a combined report that is required to pay the non-income measure of the tax and that has a different taxable year than that of the combined group is not entitled to the seven-month extension and must separately file its non-income measure return. In this instance, the corporation may request a six-month extension with respect to this separate non-income filing.

PwC Observes

"The Commissioner of Revenue is required to rely upon her statutory authority to grant reasonable extensions of time to file. Under this authority, extensions beyond six months are permitted for 'good cause,'" explains David Sheehan, SALT Managing Director with PricewaterhouseCoopers in Boston.

"The seventh-month extension granted by the Commissioner for 2009 was premised on the fact that it was the first year combined reports were required and companies were beginning to learn how to comply with the new law. However, for the 2010 returns, the rationale provided in Directive 11-5 suggests that the potential complexity of completing a Massachusetts combined report supports a generalized extension of time to all filers that have either requested a six-month extension of time to file or had otherwise fallen within the scope of the Massachusetts' automatic six-month extension rules. One hopes that the Legislature will take notice of this development and amend the extension of time for filing returns statute so that filers do not need to rely upon the Commissioner's discretion in future years," Sheehan suggests.

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