

EOTS NewsFlash

Exempt Organizations Tax Services

December 16, 2011

IRS announces automatic filing extension to March 30 for tax-exempt organizations with January and February filing dates

The IRS announced today that tax-exempt organizations with January and February 2012 filing due dates will have until March 30, 2012, to file their annual returns because the IRS' Modernized eFile system that processes electronically filed returns of tax-exempt organizations will be off-line during January and February.

According to an IRS news release (IR-2011-120), this extension of time to file will be automatic (i.e., no request needs to be filed) and applies to tax-exempt organizations with Form 990, 990-EZ, 990-PF, or 1120-POL filing obligations, whether or not they are required to be filed electronically. Form 990-T and Form 990-N filing dates are not affected. Specifically, the extension applies to:

- tax-exempt organizations whose normal filing deadline is either January 17, 2012, or February 15, 2012; and
- tax-exempt organizations that already obtained initial filing extensions and now have extended filing deadlines that fall on January 17, 2012, or February 15, 2012.

The extension of time to file will be automatic. For returns on their final extension for January or February, the IRS suggests attaching a Reasonable Cause Statement to the filed return to avoid receiving a system-generated penalty notice for late filing.

Notice 2012-4 provides a sample Reasonable Cause Statement, as well as instructions for organizations who erroneously receive a notice for late filing.

In the notice, the IRS explained that affected organizations required to file electronically may file electronically prior to January 1, 2012, or between March 1, 2012, and March 30, 2012. Organizations normally required to file electronically during the January and February suspension period may also choose to file on paper. Affected organizations that are not required to file electronically may follow the same electronic filing periods or may file on paper by March 30, 2012.

The notice also makes clear that the automatic extension of time to file is not an extension of time to pay any tax liabilities that may be due.

Comment: Clients operating on a calendar-year basis are unaffected by this suspension period. Similarly, clients with fiscal years ending June 30, 2011, will be largely unaffected by this suspension period because, according to the notice, requests for second extensions filed by February 15, 2012 (the first extended due date), will be granted and final due dates for those Form 990-series returns will continue to be May 15, 2012.

Clients with questions or concerns about this announcement are encouraged to contact their primary PwC contacts.

Click here to access the IRS news release

<http://www.irs.gov/newsroom/article/0,,id=251322,00.html>

Click here to access Notice 2012-4

<http://www.irs.gov/pub/irs-drop/n-12-04.pdf>

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