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Businesses affected by winter storm, more time to file six-month extension

In IRS release—IR-2017-61 (March 15, 2017), the IRS indicates that businesses affected by this week's severe Winter Storm Stella that are unable to file their tax return by the March 15 due date can request an automatic six-month extension to file their 2016 federal income tax returns by filing Form 7004 on or before March 20, 2017.

The IRS [release](#) further states:

- Form 7004 provides a six-month extension for returns filed by partnerships (Forms 1065 and 1065B) and S corporations (Forms 1120S).
- Eligible taxpayers taking advantage of this relief are instructed to write "Winter Storm Stella" on their Form 7004 extension request (if filing Form 7004 by paper).
- The fastest and easiest way to get an extension is to file Form 7004 electronically.
- The IRS will continue to monitor conditions and provide additional relief if circumstances warrant.

KPMG observation

Due to the specific language contained in IR-2017-61, tax professionals believe the release is not to be interpreted broadly, unless and until further guidance is provided by IRS. For example, further guidance may be provided if FEMA issues a Disaster Declaration relating to Winter Storm Stella, and the rules provide by section 7508A are triggered.

Tax professionals have observed that other business taxpayers not specifically mentioned in the release that must file an income tax return with an original due date

of March 15, 2017, and that would use Form 7004 to obtain an extension of time to file that return—such as Form 1120 filers relating to a tax year 2016 short period return whose year ended in November 2016—would also qualify for the extension provided by the release.

Similarly, Form 1042 provides a March 15 due date and is considered an income tax return that uses Form 7004 to obtain an extension of time to file. As a result, the extension provided by the release would be available to Form 1042 filers. However, Forms 1042-S, which are also due March 15 and are filed with and attached to a Form 1042, require the filing of a Form 8809 and not a Form 7004 to obtain an extension of time to file. It is unknown how IRS would interpret the release with respect to Forms 1042-S and its related payee statements.

IR-2017-61 does not address relief for taxpayers who already filed a timely Form 7004 and their extended due date falls on March 15, 2017, such as fiscal year June 30, 2016 filers, or tax year 2016 short period return filers whose year ended in May 2016 (Form 1120 filers) or June 2016 (Form 1065, 1065-B, Form 1120S). Unless and until further guidance is issued, do not presume that the release applies to these filers.

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