

IRS News Release

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IRS Streamlines Extension of Time to File for Business Taxpayers

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WASHINGTON — The Internal Revenue Service has simplified the process for business taxpayers filing for an extension.

All business taxpayers who previously filed extension forms 8800, 8736, 7004, and 2758 will now only need to file the revised Form 7004, "Application for Automatic 6-Month Extension of Time to File Certain Business Income Tax, Information, and Other Returns," to request an automatic extension of time to file. The revised Form 7004 grants taxpayers an automatic six-month extension without the need to file intervening forms.

For the 2005 filing season, business taxpayers must file Form 7004 by the due date of the return in order to receive an automatic six-month extension of time to file. The extension period is calculated from the due date of the return.

New regulations make this option available to most non-corporate business taxpayers, including partnerships and trusts. Previously, only corporations could request an automatic six-month tax-filing extension. All eligible non-corporate business taxpayers had to request an initial three-month extension and, if more time was needed, then had to request another three months.

A similar change was also made recently for individual taxpayers. Individuals who need additional time to file their tax returns may request an automatic six-month extension by filing Form 4868. More details are available in Internal Revenue News Release 2005-131, published Nov. 4, 2005.

Changes have also been made to the processes for obtaining extensions for filing estate and gift tax returns.

Revised Form 4768, "Application for Extension of Time To File a Return and/or Pay U.S. Estate (and Generation-Skipping Transfer) Taxes," allows a single six-month extension for all Form 706 return filing. The request must be made on or before the due date of the *Estate Tax Return* in order to be accepted.

Previously, taxpayers who needed an extension for filing Forms 706-A, 706-D, 706-QDT or 706NA, had to make multiple requests in order to get the maximum of six months.

A revised Form 8892, "Payment of Gift/GST Tax and/or Application for Extension of Time To File Form 709," must be filed for 2005 extension requests when the taxpayer is extending Form 709 only without extending the Form 1040, or when the taxpayer is paying a gift tax liability. It may be used to request an automatic six-month extension for filing the Form 709 in those cases where a Form 4868 was not filed. A new tear off section, Form 8892-V, includes a voucher for paying a gift/GST-tax liability.

FILING EXTENSION IS NOT EXTENSION OF TIME TO PAY

Approval of an extension requested on Forms 7004, 4768, and 8892 is automatic. Taxpayers do not need to sign the extension request or provide an explanation for requesting an extension. In addition, the IRS will no longer issue confirmation of receipt of the request and will issue a response only if the extension request is denied.

An extension of time to file is not an extension of time to pay. Taxpayers will owe interest on any past due tax and may be subject to a late payment penalty if payment is not made by the due date of the return.

Simplifying, consolidating, and standardizing extension forms is expected to reduce taxpayer burden and will also reduce taxpayer confusion and error about filing the correct form.