



1200 G Street, N.W., Suite 300
Washington, D.C. 20005-3814
202.638.5601
tei.org

September 21, 2021

Subject: Request for Automatic Penalty Waiver for State Corporate Tax Returns Filed by November 15, 2021

Dear Sir or Madam:

The federal due date for filing corporate tax returns was changed from September 15 to October 15 in 2016; however, many states have not enacted legislation similarly extending the time to file state tax returns. We urge states that have not amended their return due dates to automatically waive penalties for failure to file corporate tax returns due on October 15, 2021, if a taxpayer files such returns no later than November 15, 2021. The proposed penalty waiver would provide taxpayers additional time to prepare their state tax returns and alleviate the need for taxpayers to later file amended state returns correcting errors.

About Tax Executives Institute

Tax Executives Institute (TEI) is the preeminent association of in-house tax professionals worldwide and was founded in 1944 to serve the professional needs of business tax professionals. Today, the organization has 57 chapters in Europe, North and South America, and Asia, creating a global network where members from all over the world share thoughts and ideas about issues relevant to in-house tax departments. Our nearly 7,000 members represent 2,800 companies in Europe, the United States, Canada, Asia, and Latin America.

TEI members are in-house tax practitioners (accountants, lawyers, and other corporate and business employees) responsible for the tax affairs of their employers in an executive, administrative, or managerial capacity. TEI espouses organizational values and goals that include integrity, effectiveness, efficiency, and dedication to improving the tax system for the benefit of taxpayers and tax administrators.

Penalty Waiver Recommendation

The complexity of the federal tax law and the resulting reporting and compliance burdens rarely allow taxpayers to file their federal income tax returns until on or shortly before the extended federal due date. The complexities created by recent federal legislation have exacerbated the difficulties of filing federal tax returns.

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Many items composing federal taxable income – the starting point for determining state taxable income – must be modified for state tax purposes. Taxpayers need sufficient time to analyze and report the adjustments required to prepare their state income tax returns. When the deadline for filing federal and state tax returns is the same or compressed, many taxpayers will need to correct errors reported on their originally filed state returns on amended state tax returns.

TEI enacted a policy statement (attached) in 2015, advocating that the original and extended due dates for filing state income and franchise tax returns should be no earlier than 45 days following the applicable federal income tax return due date. TEI welcomes the opportunity to support the enactment of legislation in states with concurrent deadlines for filing federal and state tax returns.

TEI's members have shared the difficulties encountered in preparing this year's federal and state tax returns. Thus, TEI recommends that all states enact an automatic penalty waiver for taxpayers that file their state tax returns by November 15, 2021. This brief extension to file the state return will have little impact on states' fiscal positions. It would alleviate the complications created if taxpayers file inaccurate original state returns and must amend them to correct resulting errors. We are not seeking an extension or elimination of any tax payment penalties and/or due dates.

TEI notes that other organizations, such as the Council on State Taxation, have filed letters of support of this proposal. We welcome the opportunity to discuss the proposal with you further.

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TEI's comments were prepared under the aegis of TEI's State & Local Tax Committee, whose chair is Angela Pitale and whose staff liaison is Pilar Mata. If you have questions about our recommendations, please call Ms. Mata at + 1 202 464 8346 or pmata@tei.org.

Respectfully submitted,

Tax Executives Institute



Mitchell Trager
International President