

Extension of Deadline

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Certain periods of time are disregarded when determining whether certain tax matters have been taken care of on time. For ease of understanding, this publication refers to these provisions as “extensions of deadlines.” These deadline extensions should not be confused with other parts of the tax law that refer to extensions of time for performing acts.

Service That Qualifies for an Extension of Deadline

The deadline for filing tax returns, paying taxes, filing claims for refund, and taking other actions with the IRS is automatically extended if any of the following statements is true.

- You serve in the Armed Forces in a combat zone or you have qualifying service outside of a combat zone. (See *Qualifying service outside combat zone*, earlier.)
- You serve in the Armed Forces in a qualified hazardous duty area or are deployed overseas away from your permanent duty station in support of operations in a qualified hazardous duty area, but your deployment station is outside the qualified hazardous duty area. (In the rest of this discussion, the term “combat zone” includes a qualified hazardous duty area.)
- You serve in the Armed Forces on deployment outside the United States away from your permanent duty station while participating in a contingency operation. A contingency operation is a military operation that is designated by the Secretary of Defense or results in calling members of the uniformed services to active duty (or retains them on active duty) during a war or a national emergency declared by the President or Congress.

The deadline for IRS to take certain actions, such as collection and examination actions, is also extended. See *Combat Zone*, earlier, for the beginning dates for the Afghanistan area combat zone, the Kosovo area combat zone, the Persian Gulf area combat zone, and the qualified hazardous duty areas.

Deadline extension period. Your deadline for taking actions with the IRS is extended for 180 days after the later of:

- The last day you are in a combat zone, have qualifying service outside of the combat zone, or serve in a contingency operation (or the last day the area qualifies as a combat zone or the operation qualifies as a contingency operation), or
- The last day of any continuous qualified hospitalization (defined later) for injury from service in the combat zone or contingency operation or while performing qualifying service outside of the combat zone.

In addition to the 180 days, your deadline is extended also by the number of days that were left for you to take the action with the IRS when you entered a combat zone (or began performing qualifying service outside the combat zone) or began serving in a contingency operation. If you entered the combat zone or began serving in the contingency operation before the period of time to take the action began, your deadline is extended by the entire period of time you have to take the action. For example, you had 3½ months (January 1 - April 15, 2005) to file your 2004 tax return. Any days of this 3½ month period that were left when you entered the combat zone (or the entire 3½ months if you entered the combat zone by January 1, 2005) are added to the 180 days when determining the last day allowed for filing your 2004 tax return.

Example 1.

Captain Margaret Jones entered Saudi Arabia on December 1, 2003. She remained there through March 31, 2005, when she departed for the United States. She was not injured and did not return to the combat zone. The deadlines for filing Captain Jones' 2003, 2004, and 2005 returns are figured as follows.

The 2003 tax return. The deadline is January 11, 2006. This deadline is 286 days (180 plus 106) after

Captain Jones' last day in the combat zone (March 31, 2005). The 106 additional days are the number of days in the 3½ month filing period that were left when she entered the combat zone (January 1 - April 15, 2004).

The 2004 tax return. The deadline is January 10, 2006. The deadline is 285 days (180 plus 105) after Captain Jones' last day in the combat zone (March 31, 2005).

The 2005 tax return. The deadline is not extended because the 180-day extension period after March 31, 2005, ends on September 27, 2005, which is before the start of the filing period for her 2005 return (January 1 - April 17, 2006).

Example 2.

Petty Officer Leonard Brown's ship entered the Persian Gulf on January 5, 2004. On February 15, 2004, Leonard was injured and was flown to a U.S. hospital. He remained in the hospital through April 21, 2005. The deadlines for filing Petty Officer Brown's 2003, 2004, and 2005 returns are figured as follows.

The 2003 tax return. The deadline is January 27, 2006. Petty Officer Brown has 281 days (180 plus 101) after his last day in the hospital (April 21, 2005) to file his 2003 return. The 101 additional days are the number of days in the 3½ month filing period that were left when he entered the combat zone (January 5 - April 15, 2004).

The 2004 tax return. The deadline is January 31, 2006. Petty Officer Brown has 285 days (180 plus 105) after April 21, 2005, to file his 2004 tax return. The 105 additional days are the number of days in the 2005 filing period that were left when he entered the combat zone.

The 2005 tax return. The deadline is not extended because the 180-day extension period after April 21, 2005, ends on October 18, 2005, which is before the start of the filing period for his 2005 return (January 1 - April 17, 2006).

Example 3.

You generally have 3 years from April 15, 2002, to file a claim for refund against your timely filed 2001 tax return. This means that your claim normally must be filed by April 15, 2005. However, if you served in a combat zone from November 1, 2004, through March 23, 2005, and were not injured, your deadline for filing that claim is extended 346 days (180 plus 166) after you leave the combat zone. This extends your deadline to March 4, 2006. The 166 additional days are the number of days in the 3-year period for filing the refund claim that were left when you entered the combat zone on November 1 (November 1, 2004 - April 15, 2005).

Missing status. Time in a missing status (missing in action or prisoner of war) counts as time in a combat zone or a contingency operation.

Support personnel. The deadline extension provision also applies if you are serving in a combat zone or a contingency operation in support of the Armed Forces. This includes Red Cross personnel, accredited correspondents, and civilian personnel acting under the direction of the Armed Forces in support of those forces.

Qualified hospitalization. The hospitalization must be the result of an injury received while serving in a combat zone or a contingency operation. Qualified hospitalization means:

- Any hospitalization outside the United States, and
- Up to 5 years of hospitalization in the United States.

Actions extended. The actions to which the deadline extension provision applies include:

- Filing any return of income, estate, or gift tax (except employment and withholding taxes),
- Paying any income, estate, or gift tax (except employment and withholding taxes),
- Filing a petition with the Tax Court for redetermination of a deficiency, or for review of a Tax Court decision,
- Filing a claim for credit or refund of any tax,
- Bringing suit for any claim for credit or refund,

- Making a qualified retirement contribution to an IRA,
- Allowing a credit or refund of any tax by the IRS,
- Assessment of any tax by the IRS,
- Giving or making any notice or demand by the IRS for the payment of any tax, or for any liability for any tax,
- Collection by the IRS of any tax due, and
- Bringing suit by the United States for any tax due.

If the IRS takes any actions covered by these provisions or sends you a notice of examination before learning that you are entitled to an extension of the deadline, contact your legal assistance office. No penalties or interest will be imposed for failure to file a return or pay taxes during the extension period.

Other actions to which the deadline extension provision applies are listed in Revenue Procedure 2005-27, 2005-20 I.R.B. 1050, available at http://www.irs.gov/irb/2005-20_IRB/ar09.html.



Even though the deadline is extended, you may want to file a return earlier to receive any refund due. See Filing Returns, earlier.

Spouses. Spouses of individuals who served in a combat zone or contingency operation are entitled to the same deadline extension with two exceptions.

- The extension does not apply to a spouse for any tax year beginning more than 2 years after the date the area ceases to be a combat zone or the operation ceases to be a contingency operation.
- The extension does not apply to a spouse for any period the qualifying individual is hospitalized in the United States for injuries incurred in a combat zone or contingency operation.

Not in a combat zone. If you are a member of the Armed Forces, you may qualify to defer (delay) payment of income tax that becomes due before or during your military service. To qualify, you must:

- Be performing military service, and
- Notify the Internal Revenue Service that your ability to pay the income tax has been materially affected by your military service.

You will then be allowed up to 180 days after termination or release from military service to pay the tax. If you pay the tax in full by the end of the deferral period, you will not be charged interest or penalty for that period.

This exception does not apply to the employee's share of social security and Medicare taxes you may owe.

Military service. The term military service means the period beginning on the date on which you enter military service and ending on the date on which you are released from military service or die while in military service. In the case of a member of the National Guard, this includes service under a call to active service authorized by the President or the Secretary of Defense for a period of more than 30 consecutive days under section 502(f) of title 32, United States Code, for purposes of responding to a national emergency declared by the President and supported by federal funds.

Request for deferment. If you have a current payment agreement (such as an installment agreement), you must make a written request for deferment to the IRS office where you have the agreement.

If you have received a notice requesting payment, you must make a written request for deferment to the IRS office that issued the notice.

If you do not have a current payment agreement, you must wait until you receive a notice asking for payment before you request a deferral.

Your request must include your name, social security number, monthly income and source of income before military service, current monthly income, military rank, date you entered military service, and date you are eligible for discharge. If possible, enclosing a copy of your orders would be helpful.

The IRS will review your request and advise you in writing of its decision. Should you need further assistance, you can call the IRS at 1-800-829-1040 to discuss your situation.

Maximum rate of interest. Section 207 of the "Servicemembers Civil Relief Act" limits the maximum interest rate you can be charged to 6% per year for obligations or liabilities incurred before your entry into

military service. The reduced rate applies only if your service materially affects your ability to pay. This rate applies only to that interest charged during the period of your military service.

To substantiate your claim for this reduced interest rate, you must furnish the IRS a copy of your orders or reporting instructions that detail the call to military service. You must do so no later than 180 days after the date of your termination or release from military service.

Filing Returns for Combat Zone or Contingency Operation Participants

You can choose to file your return before the end of your extension period. File your return in accordance with instructions provided by the Armed Forces.

If you are acting on behalf of someone serving in a combat zone or contingency operation and you do not have a power of attorney from that person specifying that you can handle federal tax matters, the IRS will accept a general power of attorney or other statement signed by that person that authorizes you to act on his or her behalf. A copy must be attached to the tax return.

If it is not possible for the spouse of someone serving in a combat zone or contingency operation to obtain that person's signature on a joint return, power of attorney form, or other signed authorization to act on his or her behalf, the IRS will accept a written statement explaining that the husband or wife is serving in a combat zone or contingency operation. The statement must be signed by the spouse filing the tax return and attached to the return.