

Sy Accountancy Corporation

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DEADLINES FOR MAKING TAX ELECTIONS

By Victor Sy, CPA, MBA

1. **Cash or Accrual Method of Accounting** – New taxpayers make the election on their initial tax returns. Existing taxpayers must elect to change their accounting method by the due date (including extensions of the tax return for the year of change).
2. **Child's Income Reported on Parent's Return (Kiddie Tax)** – By the due date, including extensions, of the parent's form 1040 for the tax year of the election.
3. **Consolidated Tax Return** – By the last day for filing, including extensions of the common parent's return for the year the election was made. The election may be made on an amended return only if it is filed before the due date, including extensions, of the common parent's return.
4. **Depreciation - Section 179 Deduction** – With the tax return, whether or not timely filed, for the tax year the property is placed in service. In other words, the election may be made on a delinquent return if it is the taxpayer's first return for the year. The election may also be made on an amended return filed by the due date, including extensions.
5. **Disaster Loss Claimed in Prior Year** – By the later of the due date excluding extensions for the tax year the disaster occurred or the due date including extensions of the tax return for the preceding tax year.
6. **Estates Claiming Administrative Expenses on Form 1041 rather than Form 706** – By the extended due date of Form 1041 for the tax year in which the deduction is claimed, or at any time before the deduction is "finally allowed" for estate tax purposes.
7. **Joint Return in the Year of Spouse's Death** – By the due date, including extensions, of the return for the year of death.
8. **Moving Expense Deducted Before Satisfying Employment Condition Test** – Within the statute of limitations for filing a refund claim for the tax year the expenses are paid.
9. **Net Operating Loss (NOL) - Foregoing Carry back Period** – By the due date, including extensions, of the tax return for the year of the NOL.
10. **Organizational Costs** – By the due date, including extensions, of the entity's tax return for the tax year that the business begins.
11. **S Corporation Status** – For a newly formed S corporation, Form 2553 should be filed the 15th day of the third month of the first tax year. For an existing C corporation, Form 2553 should be filed during the tax year before the first five years the S election is to be effected, or on or before the 15th day of third month of the initial S year.
12. **S corporation** - Treat all Family Members as one – No guidance has been issued.
13. **Start-Up Expenses as Deduction** – The election can be filed with a return for a year before the year the business begins. The election must be filed no later than the due date of the return, including extensions.