

**Department of Legislative Services**  
Maryland General Assembly  
2003 Session

**FISCAL AND POLICY NOTE**  
**Revised**

Senate Bill 493

(Senator Hogan)

Budget and Taxation

Ways and Means

---

**Income Tax - Extensions for Filing Returns**

---

This bill authorizes the Comptroller to extend the deadline for filing an individual or corporation income tax return by one month, from six months to seven months, if good cause exists. Taxes owed by individuals or corporations must still be paid at the time originally due.

The bill takes effect July 1, 2003 and applies to all taxable years beginning after December 31, 2002.

---

**Fiscal Summary**

**State Effect:** Potential minimal increase in general fund and Transportation Trust Fund (TTF) revenues from interest payments resulting from extensions.

**Local Effect:** Potential minimal increase in local government revenues because a portion of TTF revenues are distributed to local jurisdictions.

**Small Business Effect:** Minimal.

---

**Analysis**

**Current Law:** The Comptroller may grant an extension, for good cause, to any taxpayer for up to six months, and for up to a year if an individual is outside of the United States. Taxes owed by individuals or corporations must still be paid at the time originally due.

**Background:** The IRS may grant an extension of up to six months (longer for taxpayers that are outside of the United States) for filing returns, declarations, statements, and documents. Automatic extensions of time are provided for the filing of income tax returns by individuals, partnerships, trusts, and corporations. Provided that the appropriate forms are filed by the date the income tax return is due, individuals are granted an automatic four-month extension of time to file; corporations are granted an automatic six-month extension; and partnerships, Real Estate Mortgage Investment Conduits (REMICs), and trusts may obtain an automatic three-month filing extension.

Special extensions of time are granted for all tax matters to U.S. military personnel, Red Cross workers, industrial technicians, certain civilian employees of the federal government, and accredited correspondents who are serving in a combat zone during a period of combatant activities.

Extensions may be granted until the fifteenth day of the sixth month following the close of the tax year for some domestic and foreign taxpayers. These taxpayers include: (1) partnerships that are required to file their returns on or before the fifteenth day of the fourth month following the close of the tax year and which keep their records and books of account outside of the U.S. and Puerto Rico; (2) domestic corporations that transact their business and keep their records and books outside of the U.S. and Puerto Rico; (3) domestic corporations whose principal income is from sources within the possessions of the U.S.; (4) foreign corporations that maintain an office or place of business within the U.S.; (5) U.S. citizens or residents whose tax homes and abodes are outside the U.S. and Puerto Rico; and (6) U.S. citizens and residents in military or naval service on duty, including nonpermanent or short-term duty, outside the U.S. and Puerto Rico.

U.S. citizens or residents who are traveling outside the U.S. are not entitled to an extension without filing Form 4868.

An extension of time to file is not an extension of time to pay any tax due.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Comptroller's Office, CCH Incorporated, Department of Legislative Services

**Fiscal Note History:** First Reader - March 5, 2003  
ncs/jr Revised - Senate Third Reader - March 21, 2003

---

Analysis by: Michael Sanelli

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510