



## **COST Supports One-Month Penalty Waiver for Corporate Income Tax Returns**

The Council On State Taxation (COST),<sup>1</sup> a non-profit trade organization based in Washington, D.C. focused on fair and equitable tax administration for multijurisdictional businesses, urges state revenue agencies to ease an administrative burden for taxpayers. States that currently impose a state corporate income tax filing deadline that is less than one month after the federal extended due date (October 17, *with October 15 falling on a Saturday in 2022*) should provide an automatic one-month extension (*with penalty relief*) if the corporation's state return is filed prior to that extended due date (November 15).

Given the complexities of the tax code, it is often a challenge for multijurisdictional corporations to timely complete their federal tax returns even by the extended due date. State corporate income tax returns are based on income tax data from federal returns, then finalized through state-by-state adjustments to address differences in income subject to tax, tax credits, apportionment and allocation of income, etc. Accordingly, a minimum one-month extension after the federal extended due date is necessary to ensure accurate state corporate income tax returns. This also reduces the number of corporate income tax return adjustments processed by state revenue agency personnel.

COST hopes your agency can provide automatic penalty relief as outlined in this email for corporate income tax returns filed within one month of the federal extended due date. **We are not seeking an extension or elimination of any tax payment penalties and/or due dates.**

Thank you for your careful consideration of this issue.

Douglas L. Lindholm  
President & Executive Director, COST

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<sup>1</sup> Additional information on COST is available at: [www.COST.org](http://www.COST.org).