



To learn more about our **OCPF**<sup>®</sup> plan or about retirement planning in general, please call the MandMarblestone Group at 215-222-5000.

## Tax Return Extensions: Why Time May Be On Your Side...

The corporate tax return filing due date of March 15<sup>th</sup> is rapidly approaching, and the April 15<sup>th</sup> individual and partnership filing due date is not far behind. Here at MMG, we are hard at work assisting our 800 clients and their accountants with determining the deductible retirement plan contributions for each of their businesses. So many calculations, so little time!

### What are the facts?

Every year some clients tell us that they would NEVER go on extension, but with little explanation as to why it would be such a bad thing. We don't know why it is a bad thing. After all, the extension is automatic. One just need apply for it, without giving any reasons. There is no fee to get an extension. The IRS doesn't even bother providing a notification any more if the extension is approved. So long as the extension request is filed timely, and a tentative tax payment of at least 90% of the final tax bill is paid with the extension, any possible late payment penalties are waived when the final amount due is paid on time. Yes, there would be interest due on the balance paid, but the taxpayer has use of the money in the meantime.

### So why bother going on extension?

Not surprisingly, we see that it has everything to do with the deduction for the contribution. To take a deduction for the employer contribution, it must be funded by the due date of the federal tax return including any extension. **Going on extension gives the employer the extra time to accumulate the cash to make that deductible contribution, or to smooth out cash flow.** Many of our corporate clients making substantial retirement plan contributions have no tax liability; the old saw, "time is money" certainly applies here.

Also, going on extension helps de-pressurize the decision-making process surrounding the retirement plan contribution. With our customized OCPF<sup>®</sup> plan document, clients can take the time to consider more carefully how alternative contribution designs meet their tax and

strategic objectives.

## Remove stress

We think going on extension can provide employers with some peace of mind by removing some of the stress at tax time.

If you are not making a deductible contribution, or you are flush with cash at tax time and have decided how much of a contribution to make and how it is to be divvied up among participants, and your accountant is ready to go, file that return. Otherwise, another old saw says “never say never”.

If you'd like to discuss how we might help you, call or e-mail Bob Mand, Ken Marblestone, Lori Gordon or Ian Haring at MandMarblestone. 215-222-5000, or email us at:

[rmand@mand.com](mailto:rmand@mand.com), [marblestone@mand.com](mailto:marblestone@mand.com), [lgordon@mand.com](mailto:lgordon@mand.com), [iharing@mand.com](mailto:iharing@mand.com)

**We also remediate problematic plans to full IRS compliance.**

  **You also may reach us through our website: [www.mand.com](http://www.mand.com).**



If you do not wish to receive future copies of our Qualified Planning Ideas email, please reply to [info@mand.com](mailto:info@mand.com) and type the word unsubscribe in the subject line. This email is sent in order to share general planning concepts. It is not intended to constitute legal advice. © February, 2011. All rights reserved.

**IRS Circular 230 Disclosure:** Unless expressly stated otherwise, any tax advice contained in this communication (including any attachments) was Not written and is not intended to be used, **and cannot be used by you, the taxpayer, or any advisor for the purpose of** (i) avoiding penalties imposed by the Internal Revenue Code or (ii) promoting, marketing, or recommending any transaction or matter addressed herein to any other party.