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**ARIZONA FIDUCIARY TAX RULING**  
**FTR 17-1**  
**(Supersedes FTR 09-1)**

(Effective for returns filed for taxable years beginning on or after January 1, 2016)

This substantive policy statement is advisory only. A substantive policy statement does not include internal procedural documents that only affect the internal procedures of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona administrative procedure act. If you believe that this substantive policy statement does impose additional requirements or penalties on regulated parties you may petition the agency under Arizona Revised Statutes § 41-1033 for a review of the statement.

**ISSUE:**

When Arizona grants a filing extension for estates and trusts filing Arizona Form 141AZ, will Arizona conform to the federal 5 ½ month extension period allowed for estates and trusts filing federal Form 1041?

**RULING:**

For taxable years beginning on or after January 1, 2016, Arizona will conform to the federal 5 ½ month extension period allowed for estates and trusts filing federal Form 1041.

**DISCUSSION:**

For federal income tax purposes, the Treasury Department and the IRS determined that the automatic extension period for estates and trusts filing federal Form 1041 should be 5 ½ months rather than 5 months. This increase in the extension period also increased the time for affected estates and trusts to issue Schedules K-1 and other similar statements from 5 months to 5 ½ months. For example, a fiduciary filing a calendar year end tax return under extension would have until September 30 to file Form 141AZ and provide each beneficiary with his or her Form 141AZ Schedule K-1 or K-1(NR).

For Arizona purposes, A.R.S. § 42-1107 authorizes the department to grant extensions for the filing of income tax returns. If the taxpayer is granted an extension of time within which to file the federal income tax return for any taxable year, the taxpayer is automatically deemed to have been granted the same extension of time for filing the Arizona income tax return if at least 90 percent of the tax liability disclosed by the taxpayer's return for the reporting period is paid on or before the original due date. Therefore, if a taxpayer is granted an automatic 5 ½ month extension of time for filing federal Form 1041, the

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taxpayer will automatically be deemed to have been granted a 5 ½ month extension of time in which to file Arizona Form 141AZ.

A fiduciary that did not request a federal extension to file Form 1041 but wants to request an Arizona extension to file Form 141AZ, must complete and timely file Form 141AZ-EXT by the estate or trust's original due date. Conforming to the federal extension period (5 ½ months) the fiduciary, who timely files Form 141AZ-EXT, will be granted an automatic 5 ½ month extension of time for filing Form AZ141. A 5 ½ month extension period will also require fiduciaries to provide each beneficiary with his or her Form 141AZ Schedule K-1 or K-1(NR) prior to the individual beneficiaries' extended due date to file his or her Arizona income tax return.

### **APPLICABLE LAW:**

Arizona Revised Statutes (A.R.S.) § 42-1107 authorizes the department to grant an extension of time for filing an income tax return when certain requirements are met. This section also provides that Arizona will recognize a federal extension for the same period of time as the federal extension.

Arizona Administrative Code (A.A.C.) R15-2A-103 provides, in relevant part, that the due date for filing an income tax return with the Department is the date on or before which a return is required to be filed under A.R.S. Title 43, or the last day of the period covered by a filing extension granted by the Department.

Internal Revenue Code (I.R.C.) § 6081 provides, in part, that the Treasury Secretary may grant a reasonable extension of time for filing any return, declaration, statement, or other document required by Title 26 of the U.S. Code.

In July 2015, Public Law 114-41 was signed into law which provides an automatic 5 ½ month filing extension for estates and trusts filing a federal income tax return (Form 1041).

Grant Nülle, Deputy Director

Signed: January 31, 2017

### **Explanatory Notice**

The purpose of a tax ruling is to provide interpretive guidance to the general public and to department personnel. A tax ruling is intended to encompass issues of law that are not adequately covered in statute, case law or administrative rules. A tax ruling is a position statement that provides interpretation, detail, or supplementary information concerning application of the law. Relevant statute, case law, or administrative rules, as well as a

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subsequent ruling, may modify or negate any or all of the provisions of any tax ruling. See GTP 96-1 for more detailed information regarding documents issued by the Department of Revenue