



March 29, 2011

Tax Rules for Domestic Partners

If you are a registered domestic partner or a legally married same-sex partner, you need to read this. The new IRS regulations concerning you require that you file community property tax returns for 2010. Doing this might mean a substantial refund in taxes compared to the way you have been doing it in the past depending on your earnings.

If you need to revise your tax returns from 2007 through 2009, it is possible but bear in mind the deadline to amend your 2007 tax returns is April 18.

There are certain tax preparation firms that specialize in filing amendments for 2007 tax returns by the deadline and filing extensions for 2010. This rule was actually issued in late May last year but its filing procedures have not been properly understood. Publication 17, which states on page 5, "A registered domestic partner in California, Nevada or Washington must report half the combined income earned by the individual and his or her domestic partner," states the requirements of the ruling. But the corresponding ruling in Publication 555 that covers community property has not been updated as of January this year.

Furthermore, tax software programs haven't been updated with the ruling for registered domestic partners. Tax software can only accommodate

straightforward cases. Even TurboTax recommends getting a tax professional or seeking an extension unless the couples are 50/50 partners, have income only from W-2 forms and do not itemize deductions.

The company that creates and markets TurboTax explained that there was insufficient time to incorporate all the IRS guidance into their tax software and test it.

If this regulation applies to you, you can apply to the IRS for an extension to file your tax returns but you should bear in mind that federal or state taxes must still be paid by the deadline of April 18. An extension allows additional time to file, but does not extend the time to pay.