

Tax Deferral in Response to the COVID-19 Pandemic



March 23, 2020

On March 13th, President Trump declared the COVID-19 pandemic a national emergency and directed the U.S. Treasury to provide relief from tax deadlines to Americans who have been adversely affected by the emergency.

Federal Tax Filing and Payment Deferral

Pursuant to the emergency declaration, the I.R.S. issued Notice 2020-18 on Friday. The Notice provides for an automatic three-month extension of time to file and to pay any federal tax otherwise due on April 15th, 2020 to July 15th, 2020 for an individual, trust, estate, partnership, association, company, or corporation.

These taxpayers do not have to file any specific forms to extend, and there is no limit to the amount of the payment that may be postponed. The relief provided by Notice 2020-18 is available solely for federal income tax payments (including payments of tax on self-employment income) and federal income tax returns due on April 15th, 2020, in respect of a taxpayer's 2019 tax year, and federal estimated income tax payments (including payments of tax on self-employment income) due on April 15th, 2020, for a taxpayer's 2020 tax year. The Notice does not specifically address second quarter estimated tax payments, which are due on June 15th, so unless and until additional guidance is issued the deadline for these payments should be assumed to be unchanged. Also, the Notice does not address taxpayers that will need additional time to file beyond the extended filing deadline of July 15th, 2020. Presumably, an extension to October 15th, 2020 will be available, but we await further guidance from the I.R.S. on this matter.

The States

Many states have already stated that they intend to follow suit, and others are likely to do so over the coming days and weeks. Some states are also offering relief for sales, use, and various other state-level taxes. We are staying on top of state-level developments and will provide specific guidance to our clients for whom we prepare their state tax filings.

Refunds

Treasury Secretary Mnuchin stated in a press briefing on Tuesday that refunds will not be affected and urged those who are owed a refund to file as soon as possible to claim their refund.

We are monitoring this situation and will continue to report on developments as they occur.

Your Pathstone Team

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