

COVID-19 Officially Extends This Year's Tax Day to July 15, 2020, & Taxpayer Assistance Centers Closed

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This newsletter was updated March 25 to reflect new information released by the IRS.

On March 21, 2020, the IRS released [IRS Notice 2020-58](#), which replaces all earlier announcements concerning extended deadlines discussed in our previous alerts.

The Treasury Department and IRS have moved Tax Day to July 15, 2020. All Taxpayers - businesses, individuals, and estates - now have until July 15, 2020, to file and pay their 2019 federal income taxes regardless of the amount owed. The same is true for 2020 estimated income tax payments. No interest or penalties will be charged during this 90-day deferment period for 2019 income taxes and 2020 estimated income taxes.

This 90-day filing extension is automatic. Thus, no extension forms need to be filed with IRS in order for taxpayers to qualify. If individual taxpayers want to take advantage of the traditional six-month extended deadline, Form 4868 extensions are due to IRS by July 15, 2020. For individuals who file extensions by July 15, 2020, their return due date will be extended to October 15, 2020; however, their payment deadline will remain July 15, 2020.

We anticipate additional guidance will be issued regarding extensions for business taxpayers. Currently, the IRS has provided a Q&A resource available [here](#) that answers additional questions taxpayers may have.

The IRS continues to urge those who are due refunds to file as soon as possible, as the IRS will continue to issue refunds for most filers within 21 days.

The IRS also [announced](#) on March 20, 2020, that it has temporarily closed all Taxpayer Assistance Centers where in-person services were previously offered to Taxpayers. The agency made clear that it will continue to process returns, issue refunds, and provide other services to the greatest extent possible. Although no formal announcement has been made regarding IRS phone lines, our experience indicates that wait times have increased and calls to certain lines are not currently being answered.

The IRS urges Taxpayers to utilize the resources available on [IRS.gov](#) and the newly created [IRS.gov/coronavirus](#).

The IRS has now released [IRS Notice 2020-17](#) which clarifies some issues concerning the 90-day extension discussed in our previous alert COVID-19 Leads to 90-Day Extension to Pay Taxes. Taxpayers will have until July 15, 2020, to pay their federal income taxes (up to a certain limit). With respect to federal income taxes initially due by April 15, 2020, interest, penalties and additions to tax will not start to accrue until July 16, 2020. The key takeaways from the Notice are as follows:

- The 90-day extension applies only to the payment of income taxes. No extension is provided for the payment or deposit of any other type of federal tax or for the filing of any tax return or information return.
- The 90-day extension to pay applies to estimated federal income tax payments due April 15, 2020, for a taxpayer's 2020 tax year.
- If a taxpayer files a six-month extension to file by April 15, 2020, the taxpayer need not pay until July 15, 2020, to avoid interest, penalties, and additions to tax.
- For non-corporate taxpayers, the \$1 million limit applies regardless of filing status (e.g., single or married filing jointly).

There may continue to be further updates and clarifications from the IRS. For now, taxpayers should plan on being required to file their tax return or an extension by April 15, 2020, but will have until July 15, 2020, to pay.

On March 17, 2020, Treasury Secretary Steven Mnuchin announced that taxpayers will have 90 extra days to pay taxes beyond the normal April 15 deadline. Taxpayers paying within the 90-day extension will not be charged interest and penalties. No formal guidance has yet been issued detailing the policy announced by Secretary Mnuchin, so many particulars remain unclear. However, here are some important reminders about filing and paying taxes:

- The 90-day extension only applies to paying taxes. As of now, taxpayers still must file their federal returns by April 15, 2020.
- Individuals (including in their capacity as partners in a partnership or shareholders of an S corporation) can defer paying up to \$1 million in taxes; corporate taxpayers can defer paying up to \$10 million.
- Only a few states, such as California and Maryland, have announced similar extensions at this time. So, most taxpayers should plan to file and pay state taxes by the normal deadline.
- Taxpayers can obtain an automatic six-month extension (to October 15, 2020) to file their federal income taxes by submitting Form 4868 to the IRS by April 15, 2020. However, taxpayers requesting an extension generally must estimate and pay at least 90 percent of their 2019 taxes by April 15, 2020, or face interest charges and penalties. It is not clear whether the extension to pay announced by Secretary Mnuchin will apply to taxpayers

who file an extension rather than a complete return by April 15.

- Tax refunds are not affected by this action. Taxpayers who expect to receive refunds are encouraged to file timely returns, which will be processed and refunds issued under the IRS's usual procedures.

Most tax practitioners are hoping for additional guidance from the Treasury concerning the 90-day extension to pay. It is not clear at this point how the 90-day extension on paying taxes fits with taxpayers needing in-person assistance with filing their taxes or how the 90-day extension affects due dates for 2020 estimated tax payments.