

IRS PUSHES BACK TAX FILING DAY TO JULY 15, 2020 DUE TO COVID-19



Payment & Tax Return Deadlines

The IRS has recently confirmed that the Federal 2019 income tax return deadline has been postponed to July 15, 2020.

Furthermore, the IRS has also confirmed that the federal tax payment deadline in respect of the 2019 and 2020 tax years is also postponed from April 15 to July 15, 2020 irrespective of the amount due.

Some States are taking different approaches but generally most seem to be following the IRS however, please see below for examples of some states for which we regularly see taxpayers filing.

As seems to be the case with all matters at this unprecedented time, the situation is changing on a constant basis due to the extent of the impact of Covid-19 on taxpayers' lives and the economy. We expect that further changes and clarifications will be provided from the IRS and individual States.

Small Print

The deadline for both tax returns and payments has been extended from April 15, 2020 to July 15, 2020.

Specifically, the payment extension currently applies to the following payments only:

- 2019 balancing payments which were due April 15, 2020; and
- 2020 1st quarter estimated tax payments due April 15, 2020.

Providing that your tax return is filed and tax payments are settled by July 15, 2020 the IRS has confirmed that taxpayers will not incur penalties and/or interest. It is possible to apply for an extension of time to file your tax return, and this would usually provide a 6 month extension, however at this stage it will only provide an additional 3 months to October 15, 2020.

As a reminder, individuals resident in the US must file their tax return at the latest by October 15, 2020 (assuming a valid extension has been filed), whilst those individuals

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ALERT

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residing outside the US can apply for a further 2 month extension of time to file to December 15, 2020. There are as yet no changes to the final filing deadlines for the 2019 tax year.

Please note, extending your tax return filing date beyond July 15, 2020 will not currently extend your time to pay and interest and/or penalties may be incurred if your payment is not settled by July 15, 2020.

Bearing in mind that the deadline to file partnership returns remained at March 15, 2020 and there is no movement as yet on the filing date for the US partnership form 1065 (again assuming a valid extension was filed in March), forms K-1 can still be expected for release to partners by September 15, 2020.

Previously the IRS had stated that only payments up to a maximum of \$1,000,000 could be deferred, however as of March 21, 2020 this cap has been removed and any amount can now be deferred without incurring interest or late payment penalties.

This relief only covers payments that were due at April 15, 2020 and therefore second quarter estimated tax payments currently still seem to be due by June 15, 2020.

State Taxes

The situation for States is similarly fluid and subject to change and so it is important to speak to your Rawlinson & Hunter contact if you have a specific question regarding State taxes.

Some States such as California have issued formal guidance with their own relief measures, while other States have only expressed their intention to follow the federal relief, but have not issued any formal guidance yet.

Conclusion

The IRS and State tax boards positions are likely to be constantly shifting over the coming weeks and months as the true picture of the current outbreak becomes known. It will be important for taxpayers to regularly review their filing position and communicate with advisers and the providers of information pertinent to their tax returns.

Please contact your usual Rawlinson & Hunter adviser should you require further information or any assistance with the above.