

IRS Extends April 15 Payment Due Date Because of the COVID-19 Emergency

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PRACTICES Tax

PLEASE SEE UPDATED INFORMATION BELOW - 03/20/2020

In IRS Notice 2020-17, the IRS extended the deadline for certain U.S. federal income tax payments due April 15, 2020 to July 15, 2020, up to certain limits depending on the taxpayer.

IMPORTANTLY, as of now, this extension does not apply to the filing of any tax return or information return. All tax returns and information returns due on April 15, 2020 are still due on April 15, 2020 unless the due date is extended as provided by law.

The payments to which the extension applies are (1) federal income tax payments (including payments of tax on self-employment income) due on April 15, 2020, with respect to a taxpayer's 2019 taxable year, and (2) federal estimated quarterly income tax payments (including payments of tax on self-employment income) due on April 15, 2020, with respect to a taxpayer's 2020 taxable year. This extension does not apply to the payment or deposit of any other type of federal tax.

For C corporations, including a consolidated group of corporations, this extension applies to up to \$10,000,000 of qualifying payments. For individuals and all other taxpayers (regardless of their filing status), this extension applies to up to \$1,000,000 of qualifying payments. For example, the \$1,000,000 limit applies to both a single individual and to a married couple filing jointly. If amounts are owed by a taxpayer in excess of these limits, such amounts must be paid in full by the April 15th due date.

Payments that qualify for the extension that are made by July 15, 2020 are not subject to any interest, penalty, or addition to tax for failure to pay. If payments that are extended are not made by July 15, 2020, interest, penalties, and additions to tax with respect to such payments will begin to accrue on July 16, 2020. In addition, interest, penalties, and additions to tax will accrue, without any suspension or deferral, on any federal income tax payments in excess of the limits described above that are not paid by April 15, 2020.

UPDATE:

Following our publication of this Client Alert on March 19, Treasury Secretary Steven Mnuchin indicated that the April 15 filing deadline would be moved to July 15, announcing (via Twitter) that at the direction of President Donald Trump, "we are moving Tax Day from April 15 to July 15. All taxpayers and businesses will have this additional time to file and make payments without interest or penalties." Because this is a fluid, and rapidly changing situation, we intend to update this article as additional guidance is issued.

PLEASE ALSO BE AWARE: Similar actions are in process in numerous states and vary on a state-by-state basis. Readers are urged to determine the actions taken in their state on an

individual basis.