Federal Tax Payment Deadline Extended

Sunday, March 22, 2020

Treasury Secretary Steven Mnuchin has outlined a program that will allow corporations and individuals an additional 90 days to pay any taxes due on their 2019 income tax returns. While details are yet forthcoming, the 90-day extension to pay the tax due will be applied automatically and no interest or penalties will be charged.

While a tax return due date may be extended by filing a request with the Internal Revenue Service, ordinarily the extension does not include an extension of the time to pay the tax due. Under regular circumstances, failing to pay by the due date automatically triggers a failure to pay penalty and interest on the underpayment. With Secretary Mnuchin’s announcement of the payment extension, individual taxpayers may defer the payment of up to $1M and corporate taxpayers may defer up to $10M in taxes for 90 days. The $1M individual deferral is designed to take into account tax due in connection with passthrough entities reflected on a Form 1040.

Details of the program will be forthcoming in additional guidance. However, the announcement currently only provides for an extension of time to pay the tax shown on a return. It does not yet extend the tax return filing deadline for the same 90 days. Therefore, tax returns due on April 15th, should still be filed by that deadline or extended. Yet, based on language used in the press conference, it is expected that the filing deadline may also soon be extended. Until such an announcement is
made, however, an extension request should still be filed if more time is needed to complete a return.

The Federal and Wisconsin action related to the Coronavirus is still developing. We will provide continued updates as the situation evolves.

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