IRS Clarifies Tax Filing and Payment Deadline Extensions

Overview

The Internal Revenue Service released a Q&A on Notice 2020-18 to clarify the relief available to taxpayers during the Coronavirus (COVID-19) pandemic. The Q&A offers important new details on the federal income tax filing and payment deadline extensions.

In Depth

On March 24, 2020, the Internal Revenue Service (IRS) published a set of questions and answers (Q&A) regarding Notice 2020-18 (Notice), which provided relief to taxpayers during the Coronavirus (COVID-19) pandemic. Released on March 20, 2020, the Notice greatly expanded the earlier relief detailed in Notice 2020-17, as discussed here. The Notice generally provides that all federal income tax payments and federal income tax returns that were due April 15, 2020, in respect of 2019, and all first quarter estimated income taxes that were due on April 15, 2020, are now

The Q&A offers important new detail regarding the filing and payment deadline extensions, some of which are highlighted here:

- Under the Notice, it was unclear whether a taxpayer who cannot meet the July 15 filing deadline is required to file for an extension by April 15 or July 15. The Q&A provides that Form 4868 (relating to individuals) and Form 7004 (relating to businesses and trusts) can be filed by July 15 to qualify for an automatic extension through October 15, 2020.

- Section 965(h) provides an election for certain US shareholders of controlled foreign corporations to pay any applicable Section 965 transition tax over eight installments. While these payments are technically made in respect of a taxpayer’s 2017 or 2018 tax year, the Q&A provides that the relief under the Notice applies to Section 965(h) installment payments that were due on April 15, 2020, because the due date of the installment payment associated with a 2019 tax return is the due date of the 2019 return itself.

- The Q&A also provides that the deadline for employees to make contributions to Individual Retirement Accounts (IRAs), Health Savings Accounts (HSAs) and Archer Medical Savings Accounts (MSAs) for 2019 has been extended as part of the filing deadline extension. The extension also affects the grace period under Section 404(a)(6) for employers to contribute to workplace-based retirements plans for the tax year 2019.

- The Q&A makes clear that the normal filing and payment due dates apply for estate and gift tax purposes. Taxpayers seeking extensions relating to these returns and payments must file Form 8892 or Form 4868 to qualify for an automatic extension through October 15, 2020.

- The Notice provides that the postponement of the filing and payment of federal income taxes relates to the following tax forms:
  - Form 1040, 1040-SR, 1040-NR, 1040-NR-EZ, 1040-PR, 1040-SS
  - Form 1041, 1041-N, 1041-QFT
  - Form 8960
  - Form 8991.

If a Form 990-T was originally due to be filed on April 15, then it has been postponed to July 15. The due date remains unchanged for taxpayers whose Form 990-T is due on May 15. With respect to returns that were due on March 16, 2020, which include Form 1065, Form 1065-B, Form 1066 and Form 1120-S for calendar year taxpayers, filing has not been postponed.

- Fiscal year taxpayers with payment or tax return filing due dates other than
April 15, 2020 (e.g., May 15, June 15) are not granted relief at this time.

- The Q&A makes clear that relief does not apply to the filing of any information returns or payment of any excise tax, because the Notice is limited to federal income tax returns and payments.

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