

Insights

RELIEF FOR US TAXPAYERS AFFECTED BY ONGOING COVID-19 PANDEMIC

Mar 20, 2020

Today, March 20, 2020, Treasury Secretary Steven Mnuchin announced that President Trump has authorized a tax payment deferral program (Taxpayer Coronavirus Relief Plan) which has effectively deferred the tax return filing deadline from April 15, 2020 to July 15, 2020 for all taxpayers (including trusts and estates). This information is supplemental to our prior advice with respect to payments set forth below, and is revised to reflect today's announcement. We expect further guidance on this issue in the coming days. The Taxpayer Coronavirus Relief Plan aims to inject \$300 billion in short-term liquidity into the American economy.

Under guidance issued by the IRS on March 18, Notice 2020-17 [<https://www.irs.gov/pub/irs-drop/n-20-17.pdf>], individuals and C corporations with a Federal income tax payment due on April 15, 2020 (an Affected Taxpayer) are eligible for relief. Affected Taxpayers are permitted to defer certain applicable Federal income tax payments from April 15, 2020 to July 15, 2020. Each consolidated group (or C corporation that does not file a consolidated return) may defer the payment of up to \$10,000,000 until July 15, 2020. For individuals, the deferral amount is capped at \$1,000,000 and is the same for a single individual and for married individuals filing a joint return. The relief is available solely with respect to Federal income tax payments (including payments of tax on self-employment income) due on April 15, 2020, in respect of an Affected Taxpayer's 2019 taxable year, and Federal estimated income tax payments (including payments of tax on self-employment income) due on April 15, 2020, for an Affected Taxpayer's 2020 taxable year.

During this 90-day period, interest and penalties will not apply to any deferred tax payment amounts under the Taxpayer Coronavirus Relief Plan. Taxpayers seeking a filing extension beyond July 15, 2020 will still need to submit a request on the appropriate IRS form. Several states including California, Maryland, and Connecticut have implemented various filing or payment extensions to provide additional taxpayer relief. We expect more states will adopt similar changes to conform to the Federal deferred filing requirements.

The Taxpayer Coronavirus Relief Plan comes as the U.S. Congress considers a number of coronavirus relief bills, including an \$850 billion economic stimulus package. On March 18, 2020, President Trump signed into law a bill passed by the U.S. House of Representatives and the Senate

(H.R. 6201 [<https://www.congress.gov/bill/116th-congress/house-bill/6201>]) that provides payroll tax credits to employers with fewer than 500 employees to offset the costs of providing employees with emergency paid leave due to COVID-19.

For additional information, please feel free to call or email Phil Wright (314-259-2499 or pbwright@bclplaw.com), Erika Labelle (303-866-0454 or erika.labelle@bclplaw.com), John Barrie (212-541-1184 or jpbbarrie@bclplaw.com), Kwabena Yeboah (202-508-6083 or kwabena.yeboah@bclplaw.com), or any member of our Tax Advice and Controversy team.

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