



IRS provides guidance on postponement of tax payment deadline

As we noted in an earlier e-mail to you, Treasury Secretary Steven Mnuchin announced during a press conference on Tuesday that certain taxpayers could delay their tax payments for 90 days due to the coronavirus pandemic. Many questions remained unanswered following Tuesday's announcement. On Wednesday afternoon, the IRS issued Notice 2020-17, which provides additional information on what taxpayers qualify for relief and the types of tax payments that can be deferred.

See the Q&A below for key takeaways from the IRS Notice.

Question: Who qualifies for tax payment relief?

Answer: The Notice postpones the deadline for making federal income tax payments for any "person" with a federal income tax payment due April 15, 2020. Based on the definition of "person" in the Internal Revenue Code, individuals, corporations, and other non-corporate taxpayers (including trusts and estates) qualify for tax payment relief.

Question: When is the extended payment deadline?

Answer: The payment deadline for payments originally due April 15, 2020 is postponed to *July 15, 2020*.

Question: How much of my tax payment can I defer?

Answer: The payment amount that can be deferred until July 15, 2020 is \$10 million for C corporations and \$1 million for non-corporate taxpayers.

Question: Does this mean I don't need to file my return by April 15?

Answer: No. The Notice does not provide for an extension of time for filing any tax return or information return. Therefore, extensions must be filed by taxpayers who will not file their federal income tax return by the April 15 deadline.

Question: Does the Notice apply to other types of federal taxes?

Answer: No. Only federal income tax payments due April 15, 2020 (including payments of tax on self-employment income) qualify for deferral.

Question: What about my first quarter estimated federal income tax payment for 2020? Can I defer that, too?

Answer: Yes. The deadline for any federal income tax payment due April 15, 2020 is postponed to July 15, 2020. This includes payments due with respect to the 2019 tax year and estimated federal income tax payments for the first quarter of 2020. *However, estimated federal income tax payments for the second quarter of 2020, due June 15, are not deferred.*

Question: What if I don't pay the federal income tax due by July 15, 2020?

Answer: If the tax deferred is not paid by July 15, 2020, interest and penalties start accruing on July 16.

Question: I'm an individual, and I owe more than \$1 million in tax on April 15, 2020. How does this apply to me?

Answer: Interest and penalties begin accruing on April 16, 2020 for any tax due in excess of \$1 million (for non-corporate taxpayers) or \$10 million (for C corporations) that is not paid by the April 15 deadline.