

IRS Defers Tax Payment and Filing Obligations Due to the Coronavirus Pandemic

The Bottom Line

- The IRS has deferred income tax payments and income tax filings from the original deadline of April 15, 2020 to July 15, 2020.
- The deferral applies to income tax payments for 2019 and the first quarter estimated income tax payment for 2020, which for individuals, includes taxes on self-employment income associated with estimated tax payments. It also applies to certain other deferrals, as noted in the alert, and it is possible that other deferrals will be announced, both on the federal and state level.

The Internal Revenue Service (IRS) has deferred both income tax payments and income tax filings to July 15, 2020 due to the COVID-19 pandemic, pushing the deadline three months later than the standard April 15, 2020 deadline. The full Notice 2020-18 (Notice) can be [viewed here](#). Additionally, the IRS has supplemented the Notice with a series of Frequently Asked Questions (IRS FAQs) that are located on the [IRS website](#).

New Notice

The new Notice supersedes a prior notice which had permitted deferral of payments — but not tax returns — and, in addition, had limited the aggregate amount of payments that could be deferred.

The Notice:

1. Extends the filing deadlines until July 15;
2. Extends the referenced payment obligations to July 15; and
3. Removes the cap on the aggregate amount of taxes which can be deferred.

The elimination of the aggregate limits will make the deferral meaningful for individual taxpayers as well as to the largest corporate entities and businesses.

As part of the issuance of the IRS FAQs, the IRS announced that it will also:

1. Defer until July 15 the deadline for making Health Savings Account (HSA), Archer Medical Savings Account (Archer MSA), Individual Retirement Account (IRA) contributions for 2019 and for employers to make contributions to qualified retirement plans under Section 404(a)(6) to the extent otherwise due on April 15; and
2. Defer to July 15 any transitional tax installment payment Section 965(h) otherwise due on April 15.

Taxes Eligible for Deferral

These deferrals apply to any taxpayer with an income tax filing or payment (or in the case of an HSA or IRA, required contribution) otherwise due on April 15, 2020. The income taxes or contributions to which it applies are only:

1. Income tax payments for the 2019 taxable year (including payments relating to BEAT) of the taxpayer otherwise due on April 15, 2020 and related income tax filings;
2. HSA, Archer MSA, IRA and Section 404(a)(6) qualified retirement plan contributions for the 2019 taxable year otherwise due on April 15, 2020; and
3. The first quarter estimated income tax payment of 2020 income tax, otherwise due on April 15, 2020. (This includes, for individuals, taxes on self-employment income associated with estimated tax payments.)

The Notice does not appear to permit deferral of the second quarter estimated tax payment for 2020 otherwise due on June 15, 2020 and the IRS confirmed in the IRS FAQs that the second estimated income tax payment for the 2020 tax year is still, as of now, due on June 15.

Currently, the estimated tax payment dates appear to have been changed to:

1. For the second quarter 2020: June 15, 2020
2. For the first quarter 2020: July 15, 2020
3. For the third quarter 2020: September 15, 2020
4. For the fourth quarter 2020: January 15, 2021

It is possible that future clarification will postpone the June 15 payments as well.

The deferral does not apply to other tax payments and deposits, including the normal filing, payment and deposit of both payroll and excise taxes otherwise due on April 15.

The only estimated tax payments that are deferred relate to the 2020 tax year. Nothing in the relief being granted by the IRS changes a taxpayer's obligation to have satisfied its estimated income tax payment and filing requirements for the 2019 tax year. The normal rules for failing to have complied with those rules and the relief from any penalties are still applicable.

The IRS FAQs clarify that the Notice does allow deferral for fiscal (non-calendar) tax years ending in 2019 to the extent the due date (whether the original due date or an extension) is on April 15, 2020.

The IRS also has stated that the IRS Form 4868 filing deadline for an individual to obtain an extension of time to file an individual income tax return has also been postponed until July 15. However, the final date — October 15 — to which a return filing deadline may be extended remains unchanged. However, no extension forms need to be filed by an individual on April 15 in order to obtain an extension until July 15. If an individual cannot meet the July 15 filing deadline, that person will need to file an extension form by that date in order to obtain an extension until October 15.

In addition, the IRS clarified that:

1. The April 15 deadline to take back excess deferrals into a retirement plan during 2019 remains unchanged; and

2. The deadline for IRS Form 4466 (corporate application for quick refund of estimated tax overpayment) is not postponed.
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Specifics

The IRS FAQs clarify that the Notice postpones the filing and payment of Federal income taxes reported on the following forms:

- Form 1040, 1040-SR, 1040-NR, 1040-NR-EZ, 1040-PR, 1040-SS
- Form 1041, 1041-N, 1041-QFT
- Form 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-SF
- Form 8960 (net investment income)
- Form 8991 (relating to BEAT)

With respect to Form 990-T, if that Form is due to be filed on April 15, then the filing deadline has been postponed to July 15.

It is important to remember that the following have not been postponed:

- The filing deadlines for Forms 990-T due on May 15.
 - The filing deadlines for returns that were otherwise due on March 16, 2020, which include Form 1065, Form 1065-B, Form 1066 and Form 1120-S for calendar year taxpayers.
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States

Certain states have also postponed filing and/or payment deadlines. Governor Cuomo has announced that New York State intends to provide a deferral to July 15 similar to the federal deferral, although no official announcement has yet been made by the New York State Department of Finance.

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