

IRS Expands COVID-19 Relief, Postpones Time for Performance of Certain Taxpayer-Favorable Acts

April 16, 2020

The Treasury Department and the IRS have expanded COVID-19 relief in Notice 2020-23 released April 9, 2020.

Taxpayers that have payment obligations and filing deadlines between April 1, 2020, and before July 15, 2020, may postpone the payment and filing to July 15, 2020. Taxpayers had previously questioned why first quarter estimated tax payments due April 15, 2020 were postponed to July 15, 2020, but second quarter estimated tax payments due June 15, 2020, were not postponed. Now it is clear that both the April 15, 2020, and June 15, 2020, payments may be postponed to July 15, 2020. The relief is automatic without the need for the taxpayer to file an extension. If a taxpayer will not be able to file the applicable income tax return on or before July 15, an individual taxpayer should file Form 4868 on or before July 15 to obtain an extension of the due date for filing until October 15. Businesses should file Form 7004 if they need extensions beyond July 15, 2020. Payment remains due on July 15 even if such a filing extension is obtained.

The postponement of payment obligations and filing deadlines to July 15, 2020, applies to personal income tax returns, corporate income tax returns, returns of partnership income, estate and trust income tax returns, estimated taxes, estate tax returns, gift tax returns, exempt organization returns, and many other specified filing due date and payment obligations. Such postponement also applies to elections that are made on the return forms. Interest, penalty, and additions to tax will not be calculated for the period of postponement from April 1, 2020, to July 15, 2020. Because of the large number of filing dates and payment obligations that have been postponed, further reference to Notice 2020-23 should be made to confirm the filing date and payment obligation postponement.

Notice 2020-23 postpones the time for performance of certain taxpayer-favorable acts, until July 15, 2020 (and potentially later for some acts) if the act would have had a performance date between April 1, 2020, and July 15, 2020. Included in the taxpayer-favorable acts are postponement of the time within which to invest capital gain in a qualified opportunity fund; the filing of a petition in Tax Court; the review of a decision rendered by Tax Court; the filing of a claim for credit or refund of tax; the bringing of suit for the claim for credit or refund; changes to accounting methods and periods; like-kind exchanges; corporate liquidating distributions; and many more acts set forth in applicable revenue procedures.

Notice 2020-23 also gives the IRS more time. The IRS will disregard the 30-day period following the last date for the performance of its action to determine if it acted timely. This postponement applies only to IRS actions taken with respect to taxpayers currently under examination, taxpayers whose cases are in the Appeals Office, and taxpayers who filed amended returns or made tax payments between April 6, 2020, and before July 15, 2020, during which the period to assess the tax shown on the amended return or for tax payment would otherwise expire.

Notice 2020-23 is very detailed. Please contact the authors or your Miller Canfield attorney with questions about postponement of due dates, especially if the postponement applies to an act or transaction that is not routine.

This information is based on the facts and guidance available at the time of publication, and may be subject to change.