

CLIENT ALERT

IRS Announces Extension to File

Mar.24.2020

The IRS has extended the deadline for income tax returns that were originally due on April 15, 2020 to July 15, 2020. After extending the deadline for tax payments last week under Notice 2020-17, the IRS issued [Notice 2020-18](#), which supersedes the previous notice. This new notice postpones the income tax return and payment due date for any “individual, a trust, estate, partnership, association, company or corporation” with a federal income tax return or income tax payment due on April 15, without the need to file for an extension.

While the previous notice included a cap, Notice 2020-18 removes the limitation on the amount of tax payment that can be postponed. As previously announced, no interest, penalty, or addition to tax for failure to file a federal income tax return or to pay federal income taxes will accrue between April 15 and July 15 for any return or payment postponed by the notice. The extension applies to income tax payments for 2019, and estimated income tax payments for 2020, due April 15th.

These extensions clearly benefit individuals, whose returns and payments generally are due April 15. In addition, corporations with a fiscal year ending December 31, whose tax returns and payments are due April 15, may benefit from the new July 15 filing and payment deadline. However, those entities could already count on the six month automatic filing extension. Moreover, many corporations have fiscal years that do not track the calendar year. Because the extension only applies to income tax returns and payments that are due on April 15, entities with deadlines at any other time receive no benefit from this announcement. Finally, the extensions apply only to income tax payments and returns, and although delay of payroll tax payments have been part of the proposed third COVID-19 relief legislation, payments and returns related to any other tax have not yet been deferred.

[Notice 2020-18](#) is based on IRS’s authority under Section 7508A. This authority was initiated on March 13 when President Trump declared the coronavirus pandemic a national emergency under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

To help the public better understand the relief provided for in Notice 2020-18, the IRS recently released a set of frequently asked questions, and the IRS’s answers to those questions (FAQs). The [FAQs](#) address a number of topics, including the taxpayers and tax forms that are subject to extensions on filing and payment, what taxpayers must do to take advantage of the automatic extensions (for qualified taxpayers, nothing until July 15), and what taxpayers and forms do not qualify for relief (e.g., taxpayers with returns due on dates other than April 15, information returns, employment taxes). Although the FAQs provide helpful detail, it is important to note that the IRS does not consider informal guidance like FAQs to be binding and reserves the right to amend them at any time without pre-change notification.

Treasury and the IRS have the power under 7508A to delay other tax related deadlines, and we will continue to monitor their notices, as well as legislative efforts in this area.

For more information, please contact the professional(s) listed below, or your regular Crowell & Moring contact.

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