

ALERTS

Tax Update: Certain April 15 Federal Income Tax Payments Delayed for 90 Days (COVID-19)

March 19, 2020

On March 18, 2020, the Internal Revenue Service published Notice 2020-17 (“Notice”) permitting noncorporate taxpayers to delay until July 15, 2020, without interest or penalties, up to \$1 million of Federal income tax payments otherwise due on April 15, 2020.[1] This relief applies to tax payments in respect of 2019 and estimated tax payments for the first quarter of 2020, including payments on self-employment income. The Notice similarly allows corporate taxpayers to delay up to \$10 million of Federal income tax payments due on April 15, 2020, until July 15, 2020.

This relief is limited to Federal income tax. Therefore, taxpayers would need separate relief to defer payment of state taxes and other Federal taxes (e.g., withholding taxes) due on April 15, 2020.

The Notice also does not provide any relief with respect to tax filing obligations due on April 15, 2020.[2] Accordingly, absent additional relief, individual and corporate taxpayers must file their 2019 tax return by April 15, 2020 or obtain an extension by such date. Taxpayers who defer tax payments in excess of the \$1 million or \$10 million limit will accrue interest and penalties only on such excess. Estimated tax payments for the second quarter of 2020 have not been delayed and, absent future guidance, remain due on June 15, 2020.

Please contact your attorney at Schulte Roth & Zabel at your earliest convenience if you wish to discuss this notice.

[1] Married individuals filing jointly are limited to the same \$1 million cap to which single taxpayers are subject.

[2] There are ongoing efforts in the United States Congress to enact legislation which would include delaying tax filing obligations due on April 15, 2020 until July 15, 2020 and increasing the deferral of Federal income tax payments in excess of the \$1 million/\$10 million limit mentioned above.

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