

What We Know

ARTICLES & INSIGHTS

ABOUT THE AUTHOR



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IRS Clarifies Relief From April 15th Tax Payment Deadline

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On Tuesday, Treasury Secretary Steven Mnuchin announced that the federal income tax payment deadline would be extended to July 15th, 2020, for amounts up to \$1 million for individual taxpayers and \$10 million for corporate taxpayers. Yesterday, the IRS issued Notice 2020-17 (the "Notice") to provide further guidance on this relief.

The Notice resolves several questions left unanswered in Secretary Mnuchin's announcement. First, it clarifies that the extension of the payment deadline applies to first-quarter estimated income tax payments for the 2020 tax year in addition to income taxes due for the 2019 tax year.

Next, the Notice specifies that the \$1 million and \$10 million limits announced on Tuesday apply to individual and corporate taxpayers regardless of filing status and in the aggregate. In other words, the \$1 million limit for individuals is the same for single taxpayers and married taxpayers filing jointly. For C corporations, the \$10 million limit is the same for both a consolidated group and an individual C corporation that does not join in filing a consolidated return.

Finally, the Notice clarifies that the April 15th reporting deadline remains unchanged and that the relief from the payment deadline only applies to federal income tax and not to any other type of federal tax. The Notice states, "[n]o extension is provided...for the payment or deposit of any other type of Federal tax, or for the filing of any tax return or information return."

The full Notice can be found here: <https://www.irs.gov/pub/irs-drop/n-20-17.pdf>.

We at Smith Debnam are continuing to monitor this situation as part of our comprehensive response to the COVID-19 pandemic. If you have any questions, please call tax partner Gene Chianelli at (919) 250-2231 or e-mail him at echianelli@smithdebnamlaw.com.

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