

IRS, California Extend Tax Deadlines and Provide Relief

By Robert W. Wood¹

Medical worries are rightly front and center these days, and even for tax professionals, taxes sometimes have to take a back seat. But with the annual relentless march toward April 15th, taxes are *always* a worry at this time of year, just not exactly the life or death kind. Fortunately, the IRS and State of California have both provided some needed relief given all the dislocation the Coronavirus has brought.

The IRS has extended the normal tax deadlines for filing federal income tax returns and making tax payments from April 15, 2020 to July 15, 2020. You don't have to *ask* for this relief, it is automatic. Over the last two weeks, there was a spate of news releases and tweets about this from the IRS, the Treasury Secretary, President and Treasury Department.

At first, it appeared that only *payments* would be extended (not the tax return filings themselves). There were also some express dollar limits, such as only \$1m in taxes being eligible for this relief. Happily, though, on Friday March 20, the tax return deadline too was extended. Not only that, but the prior dollar limits were removed, simplifying and broadening the relief to all Americans.

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Thus, even if you are a very deep pocket taxpayer who would owe millions to the IRS on April 15th, you can now pay July 15 without penalty or interest. Of course, the relief may be even more welcome for all those taxpayers who owe a lot less. The relief is good news for tax lawyers, accountants, enrolled agents, and just about any other kind of tax preparer out there who has been scrambling to figure out how to work during this strange time.

In California, with all non-essential businesses essentially on lockdown, working from home has its limits. Just getting regular old U.S. mail can be difficult, with essential trips to the post office. Why even bother with snail mail, you might ask?

Keep in mind that the IRS does not allow its personnel to use email for taxpayer confidential things. That is a protection we all get by statute. So, most IRS notices, requests for tax returns, notices of tax due, notices of deficiency, notices of tax levies and tax liens—you name it—it all comes by U.S. mail.

What if you don't need or want the extra time to July 15th? That's OK, says the IRS.

Taxpayers who expect to receive tax refunds can always file before the extended filing deadline in order to (hopefully) get their tax refunds sooner. Don't forget about your state taxes either.

California was quick to announce a deadline change. The Franchise Tax Board first said June 15, but when it became clear that the IRS was giving Americans until July 15 both

for tax filings and payment, the Golden State said “ditto” to the IRS’s July 15 extensions.

Many states around the country are doing the same thing.

Of course, if you pay property taxes to your county, or you pay sales taxes or other business taxes, you should check to make sure that you are not ignoring *other* tax deadlines. Speaking of tax deadlines, what if you are paying the IRS or the FTB in installments?

Does all of the current health scare and the tax filing extensions mean you have more timing on everything tax related? Not necessarily. It would sure be nice to think that the current national emergency should mean there is a kinder and gentler IRS, and nicer state tax administrators too. However, no one should count on that.

If you have installment payments due, or owe the IRS or the state a response to a tax notice by a certain date, you should try to meet it. There might *conceivably* be some latitude given because of the extraordinary circumstances people are now facing. But do not count on it. If you are hunkered down in your house or apartment, you should still pay attention to the IRS or Franchise Tax Board mail you receive.

As with just about anything tax-related, there are many tax questions being asked these days. The IRS has posted a helpful flurry of Frequently Asked Questions about the July 15 extensions on its website. In the FAQs, the IRS answered many of the common questions being asked about the July 15 filing and payment extensions.

For example, if you need more time *after* July 15, you can get an additional extension to October 15, 2020. Just file an automatic extension request by July 15, 2020, using Form 4868 for individuals and Form 7004 for businesses (including trusts). For most of us, that's the same form we usually file by April 15. Of course, you must pay any extension amount due by July 15 to avoid the imposition of interest and penalties starting July 16, 2020.

Deadlines for contributions to IRAs, employer retirement plans, health savings accounts, and Archer medical savings accounts are also extended to July 15, 2020. How about payroll taxes if you are in business? Unfortunately, those filing dates and payment obligations still apply as usual. Some federal payroll tax relief is coming, as there are going to be many businesses in a world of hurt over payroll taxes.

What if you already filed your tax return and paid your 2019 taxes, does the IRS give you the float on the money until July 15? No, what is done is done. There are special rules for fiscal year taxpayers too, and many other special situations that the IRS has addressed. There are even a few FAQs that address the normal IRS statute of limitations (usually 3 years).

Suppose that you have until April 15, 2020 to amend and file a refund claim for your 2016 taxes. Do you get more time on that one too, extending that deadline until July 15? No, the IRS says you still have an April 15, 2020 tax filing deadline for that situation to preserve your rights.

There are much bigger issues than taxes going on for most of us. But hopefully, we will all come out of this OK, and with any luck, there won't be much clean-up to do about taxes. Speaking of clean-up, I need to clean up my bedroom/"office."