



## **IRS Provides Comprehensive Relief to Taxpayers**

On April 9, 2020 the IRS issued Notice 2020-23 which significantly broadens its relief to taxpayers in response to the ongoing coronavirus pandemic. All taxpayers with a federal filing or payment deadline (original or pursuant to a valid extension) on or after April 1, 2020, and before July 15, 2020, have until July 15, 2020 to file the returns and make payments without penalties or interest. While the previous notices generally postponed until July 15, 2020 the time to file and pay federal income taxes due on April 15, 2020, the new guidance amplifies this relief to include additional returns, forms, tax payments and other actions. The expansive relief in Notice 2020-23 was welcomed by tax professionals who have been urging the IRS and the Department of Treasury to provide all-inclusive tax deadline relief.

### **Expanded List of Postponed Filing and Payment Deadlines**

Notice 2020-23 specifically extends the filing and payment deadlines for the following “Specified Forms” and “Specified Payments” due on or after April 1, 2020, and before July 15, 2020:

- Individuals who need to make income tax payments or file a Form 1040 series return (1040, 1040-SR, 1040-NR, 1040-NR-EZ, 1040-PR, 1040-SS);
- Corporate taxpayers on a fiscal or calendar year that need to make tax payments or file a Form 1120 series return (1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-S, and 1120-SF);
- Partnerships on a fiscal or calendar year that need to file a Form 1065 or Form 1066 return;
- Estates or trusts that need to make income tax payments or file a Form 1041 series return (1041, 1041-N, and 1041-QFT);
- Estates that need to make estate and generation-skipping transfer tax payments or file a Form 706 series return (706, 706-NA, 706-A, 706-QDT, 706-GS(T), 706-GS(D), and 706-GS(D-1);
- Taxpayers that need to file Form 8971, Information Regarding Beneficiaries Acquiring Property from a Decedent, and any supplemental Form 8971;
- Taxpayers that need to make gift and generation-skipping transfer tax payments or file Form 709;
- Taxpayers that need to make estate tax payments of principal or interest due as a result of an election made under sections 6166, 6161, or 6163 and annual recertification requirements under section 6166 of the Internal Revenue Code;
- Exempt organizations that need to make unrelated business income tax or proxy tax payments or file Form 990-T;
- Private foundations that need to make excise tax payments on investment income or file Form 990-PF;
- Taxpayers that need to make excise tax payments or file Form 4720; and

**BETTER TOGETHER**

A Limited Liability Partnership of Certified Public Accountants & Consultants

Riverwood 200 3300 Riverwood Parkway Suite 700 Atlanta, GA 30339 **phone** 770.396.2200 **fax** 770.390.0394

[www.btcpa.net](http://www.btcpa.net)



- Taxpayers that need to make quarterly estimated tax payments calculated on or submitted with Forms 990-W, 1040-ES, 1040-ES (NR), 1040-ES (PR), 1041-ES, or 1120-W.

Notice 2020-23 also extends filing deadline relief to the following:

- All schedules, returns and other forms that are filed as attachments to the Specified Forms, or required to be filed by the due date of Specified Forms. This includes, for example, Schedule H and Schedule SE which are filed with individual income tax returns, and many international information returns such as Forms 3520, 5471, 5472, 8621, 8858, 8865 and 8938;
- Installment payments under section 965(h) due on or after April 1, 2020, and before July 15, 2020; and
- Elections that are made or required to be made on a timely filed Specified Form, or attachment to a Specified Form.

### **Estimated Tax Payments**

Along with the first quarter estimated tax payments due April 15, 2020 that were previously extended until July 15, 2020, Notice 2020-23 also postpones the second quarter estimated tax payments due June 15, 2020. Any individual or corporation that has a quarterly estimated tax payment due on or after April 1, 2020, and before July 15, 2020, can now wait until July 15 to make that payment, without penalty.

### **Nonprofits**

Nonprofit organizations had been left out of the prior relief, as the Forms 990 for calendar-year public charities, private foundations, social welfare organizations, trade associations and other nonprofits are due May 15. Now their filing deadlines also have been postponed to July 15. Note that the new July 15, 2020 deadline also applies to the returns of fiscal-year organizations with a valid extension to April 15, May 15 or June 15. Notice 2020-23 brings welcome relief to the nonprofit sector and allows charities to focus their efforts on the immediate priorities of responding to the COVID-19 pandemic.

### **Filing for Refunds**

The relief provided by Notice 2020-23 also includes the time for filing a claim for credit or refund of any tax and bringing suit upon a claim for credit or refund of any tax. Taxpayers generally have a three-year window of opportunity to claim a refund of federal income tax. For example, for 2016 tax returns the deadline to claim a refund would normally be April 15, 2020, and the new guidance also postpones this deadline to July 15, 2020.



## Broad Relief

In addition to identifying specific forms and payments subject to relief, similar to prior Notices 2018-18 and 2020-20, the new notice broadly provides relief to “any person” performing a “time-sensitive action” described in either Treasury Reg. Section 301.7508A-1(c)(1)(iv) – (vi) or Rev. Proc. 2018-58, which is due to be performed on or after April 1, 2020, and before July 15, 2020. Expanding relief with respect to the full list of time-sensitive actions listed in Revenue Procedure 2018-58 effectively postpones until July 15 the deadline for most actions otherwise required to be taken by taxpayers from April 1 through July 14.

The following is a sampling of some of the time-sensitive acts listed in Rev. Proc. 2018-58:

- Any act relating to the adoption, election, retention or change of any accounting method or period, or the use of an accounting method or period that is required to be performed on or before the due date of a tax return (including extensions). Examples include Form 1128, Application to Adopt, Change, or Retain a Tax Year; Form 8716, Election to Have a Tax Year Other Than a Required Tax Year; and Form 3115, Application for Change in Accounting Method;
- The requirement that the effective date of an entity classification made on Form 8832 cannot be more than 75 days prior to the date on which the election is filed;
- The six-month automatic extension under section 301.9100-2(b-d) for making certain regulatory or statutory elections whose due dates are the due date of the return or the due date of the return including extensions;
- Many corporate timing issues including, but not limited to, distributions to shareholders, liquidations, elections to treat certain stock dispositions as asset sales (section 336), elections to treat certain stock purchases as asset acquisitions (section 338) and applications for an adjustment of an overpayment of estimated income tax by filing Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax;
- The filing deadline for Form 5500 series;
- The deadlines for trusts and executors of decedents’ estates to make certain elections;
- The deadline for filing Form 5227, Split-Interest Trust Information;
- The period for charitable organizations to file Form 1023 or Form 1023-EZ to apply for tax-exempt status;
- The deadline for filing the Form 990 series;
- The period for a trustee of an electing small business trust (ESBT) to file an ESBT election;
- The effective date for which an S corporation can elect to treat an eligible subsidiary as a qualified subchapter S subsidiary (QSUB), and the effective date for revoking a QSUB election; and
- Time-sensitive actions related to section 1031 like-kind exchange transactions.



### **Extending Returns Beyond July 15, 2020**

The relief provided by Notice 2020-23 is automatic. Taxpayers do not have to call the IRS, write to the IRS or file any extensions or any other document to request this relief. Taxpayers needing additional time to file their tax returns may file the appropriate extension form, and pay any remaining tax liability, by July 15, 2020 to extend the filing of their returns. However, the extended date may not exceed the original statutory or regulatory extension date. For example, individuals can file Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return, by July 15, 2020 to extend the due date of their 2019 tax return to October 15, 2020, which is the original extended due date for filing 2019 individual tax returns. Filing 4868 will not extend the time to pay federal income tax beyond July 15, 2020.

### **Learn More**

For questions regarding any of these changes, please contact your BT advisor by calling 770.396.2200.