

TAX UPDATES

March 2020



As of **March 20**, the Internal Revenue Service (IRS) provided some additional information on the upcoming tax filing deadline of April 15, 2020. As part of the response to the COVID-19 Outbreak, the Treasury Department and the Internal Revenue Service are providing special payment relief to individuals and businesses.

The filing deadline for tax returns has been pushed back until July 15th, according to Steve Mnuchin. The IRS urges taxpayers who are owed a refund to file as quickly as possible. For those who can't file by the July 15, 2020 deadline, the IRS reminds individual taxpayers that everyone is eligible to request a six-month extension to file their return.

The IRS reminds individual taxpayers the easiest and fastest way to request a filing extension is to electronically file Form 4868 through their tax professional, tax software or using the Free File link on IRS.gov. Businesses must file Form 7004.

This relief only applies to federal income tax (including tax on self-employment income) payments, not state tax payments or deposits or payments of any other type of federal tax. Taxpayers also will need to file income tax returns in 42 states plus the District of Columbia. State filing and payment deadlines vary and are not always the same as the federal filing deadline.

As information may change from day today in the coming weeks, we recommend you visit [IRS.Gov](https://www.irs.gov).

The IRS urges taxpayers to check with their state tax agencies for those details. More information is available at:

[TaxAdmin.Org](https://www.taxadmin.org)

Additional information can be found on state specific guidelines at this link:

[AICPA.Org](https://www.aicpa.org)

For those business owners, additional information can be found at this link:

[SBA.Gov](https://www.sba.gov)

We also wanted to make you aware that as of today's date, the following information has been made available on the **CARES Act** which has not yet been signed into law:

According to the **American Retirement Association**, the **CARES Act** waives the 10% tax penalty on early withdrawals up to \$100,000 from a retirement plan or IRA for an individual:

- Who is diagnosed with COVID-19;
- Whose spouse or dependent is diagnosed with COVID-19;
- Who experiences adverse financial consequences as a result of being quarantined, furloughed, laid off, having work hours reduced, being unable to work due to lack of child care due to COVID-19, closing or reducing hours of a business owned or operated by the individual due to COVID-19; or
- Other factors as determined by the Treasury secretary.

The **CARES Act** permits those individuals to pay tax on the income from the distribution "ratably over a three-year period and allows individuals to repay that amount tax-free back into the plan over the next three years," ARA explains. "Those repayments would not be subject to the retirement plan contribution limits." There also may be an extension deadline on adding to or opening an IRA.

Please consult with your individual tax professional for specific guidance as to your particular tax filing situation. We will keep you updated on the ongoing changes.

