

# CLIENT ALERT

## IRS Delays Tax Payment Deadline by 90 Days for Most Individuals and Businesses

By Ivan H. Golden

**UPDATE:** An IRS notice published on March 18, 2020, clarified several aspects of the 90-day tax deferral announced one day earlier by Treasury Secretary Steven Mnuchin.

- First, the notice stated that it applies not only to 2019 federal income tax payments, but also to the first 2020 estimated income tax payment. That installment, which would otherwise be due on April 15, 2020, is now due on July 15, 2020;
- Second, the notice confirmed that it applies solely to 2019 federal income tax payments (including payments of self-employment tax) and 2020 estimated income tax payments due on April 15, 2020. Thus, deferral is not available with respect to employers' employment tax deposits (other than self-employment tax payments).
- Third, the notice explained that the deferral amount is the same for single individuals and married individuals filing joint returns. In both instances, the deferral amount is \$1 million.
- Finally, the notice confirmed that interest will not accrue and penalties will not be imposed on deferred payments, provided they are paid by July 15, 2020. However, interest will accrue and penalties may be imposed on April 15, 2020, on amounts in excess of the deferral limit (e.g., individual tax liabilities to the extent they exceed \$1 million).

Most individuals can defer federal income tax payments for 90 days, Treasury Secretary Steven Mnuchin announced yesterday, as a result of the coronavirus pandemic.

Individuals, including passthrough business owners, can automatically delay tax payments of up to \$1 million, and corporations can automatically delay tax payments of up to \$10 million, for 90 days. Eligible taxpayers will not be charged interest or penalties on the deferred amounts.

Mnuchin's announcement did not extend the filing deadline, which is generally April 15 for individuals. Thus, **individuals still need to file tax returns or request extensions by April 15**. Mnuchin encouraged taxpayers to file their returns by April 15 so they can receive refunds. It is not clear whether taxpayers who fail to file or request an extension by April 15 will be liable for failure-to-file penalties.

Many details of the tax payment deferral remain unclear, and the IRS has not yet released official guidance. Among other things, ***it is not yet known whether the 90-day payment deferral also will apply to 2020 estimated taxes.*** The first 2020 estimated tax payment is due April 15, 2020, and should be paid timely unless an extension is announced.



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