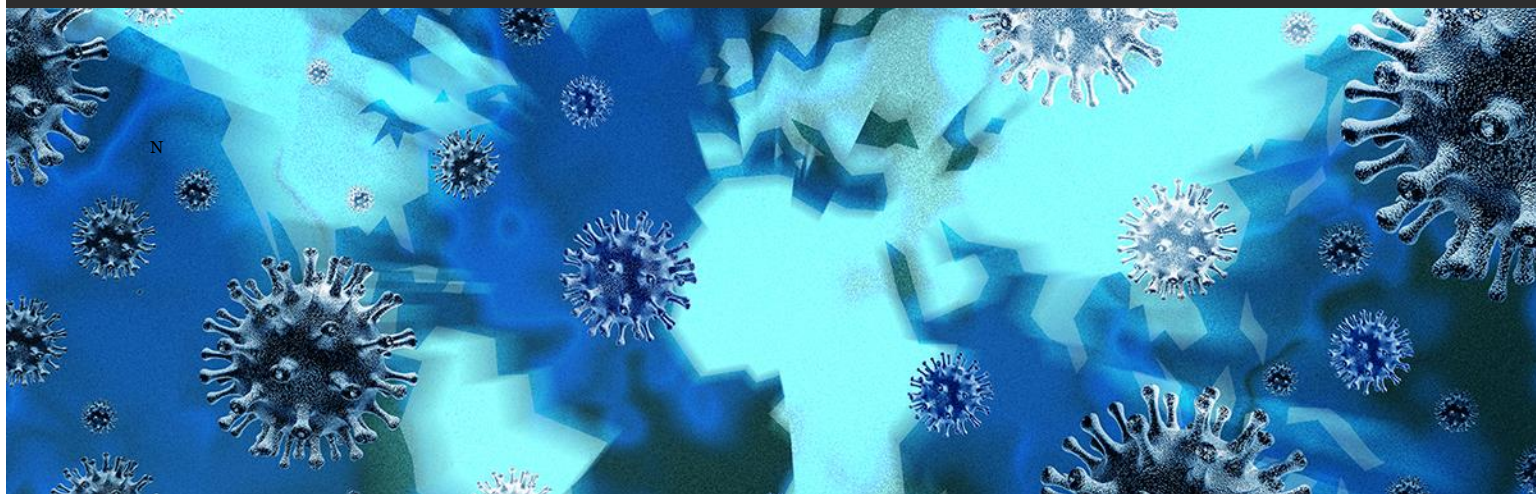


**Alert | Health Emergency Preparedness Task Force:  
Coronavirus Disease 2019**



**March 2020**

## **Treasury Announces a 90-Day Extension to Pay Income Taxes**

In an effort to combat the economic effects of the COVID-19 pandemic, Steven Mnuchin, the Secretary of the Treasury, announced on March 17 that the IRS would grant an extension of time for certain individuals and entities to pay their 2019 Federal income taxes without incurring any penalties or interest. On March 18, 2020, the IRS issued Notice 2020-17 which clarifies and expands upon the relief announced by Secretary Mnuchin.

Pursuant to the IRS guidance, C corporations may defer income tax payments up to \$10 million until July 15, 2020 without incurring any penalties or interest on the amount due. However, affiliated corporations that file a consolidated return may only defer up to \$10 million for each consolidated group.

All other taxpayers with federal income tax payments due April 15, including individuals, estates, and trusts, may defer income tax payments up to \$1 million until July 15, 2020, without incurring any penalties or interest on the amount due. Married individuals who file a joint return may only defer up to \$1 million.

The 90-day extension only applies to the payment of federal income taxes (including payments of tax on self-employment income) due by April 15, 2020. The relief also applies to estimated federal income tax payments for 2020 due April 15. As of now it does not apply to any other taxes, such as payroll taxes.

The 90-day extension to pay federal income taxes is automatic. Interest and penalties for unpaid balances of up to \$10 million for C corporations and \$1 million for all other taxpayers will begin to accrue after July 15, 2020. Interest and penalties for unpaid balances in excess of \$10 million for C corporations and \$1 million for all other taxpayers will begin to accrue after April 15, 2020.

The announcement does not change the filing date for the actual tax return, generally April 15th. Any individuals that wish to receive an extension of time to file their tax return still need to file a formal extension request with the Internal Revenue Service.

The 90-day extension does not currently impact the payment of state taxes. However, several states, including California, have announced extensions to file certain tax returns and pay certain taxes. Currently California has pushed its tax filing and payment deadline to June 15, 2020, for all tax filings and payments due between March 15, 2020, and June 15, 2020, for all taxpayers affected by COVID-19.

The White House is currently considering additional economic relief measures to individuals and businesses, such as a payroll tax holiday. Further GT Alerts will be issued if/when additional measures are announced by the White House as a response to the economic impact of COVID-19.

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