

TAXTALK

IRS EXTENDS THE U.S. FEDERAL INCOME TAX FILING AND PAYMENT OF TAX DUE DATES FROM APRIL 15 TO JULY 15, 2020

On March 20, 2020, the Department of the Treasury and the Internal Revenue Service (“IRS”) issued **Notice 2020-18**, Relief for Taxpayers Affected by Ongoing Coronavirus Disease 2019 Pandemic.

Notice 2020-18

The Notice provides an automatic extension of time to file 2019 U.S. federal income tax returns and payment due dates for certain income taxes from April 15 to July 15, 2020. The Notice applies to individuals, trusts, estates, partnerships and corporations.

Under Notice 2020-18 taxpayers do not have to file extension Form 4868 for individuals, or Form 7004 for other entities, to request the extension. Note that the Notice applies only to federal income tax payments (including self-employment tax) and income tax returns that are due on April 15, 2020 for the December 31, 2019 taxation year and federal estimated tax payments (installments) due April 15, 2020 for an Affected Taxpayer’s 2020 tax year. There is no limitation on the amount of the payment that may be postponed.

Interest and Penalties

As a result of the postponement of the due date for filing federal income tax returns and making income tax payments from April 15, 2020, to July 15, 2020, there will be no interest and penalties for payments due during this period. However, interest, penalties, and additions to tax with respect to amounts of postponed federal income tax filings and payments will begin to accrue on July 16, 2020.

Finally, the Treasury Department and the IRS are continuing to consider additional guidance on 2019 filings, payments and other related issues. We will update you accordingly.

If you have questions, please contact Basil Punit, U.S. and cross-border tax partner at bpunit@mgca.com or call him at 647-726-0587 or cell at 416-995-4778.

A memorandum of this nature cannot be all-encompassing and is not intended to replace professional advice. Its purpose is to highlight tax planning possibilities and identify areas of possible concern. Anyone wishing to discuss the contents or to make any comments or suggestions about this TaxTalk is invited to contact one of our offices.

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