



TaxNewsFlash

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Notice 2020-17: Extension of time to make payments of federal income tax, response to coronavirus (COVID-19)

The IRS today released an advance copy of Notice 2020-17 that provides relief for certain taxpayers to make payments of federal income tax.

Notice 2020-17 [PDF 67 KB] explains that under the president's March 13, 2020 "Emergency Declaration" relating to the coronavirus 2019 pandemic, relief from income tax payment deadlines is being provided to U.S. taxpayers who have been adversely affected by the COVID-19 emergency under the authority of section 7508A(a).

According to the IRS notice, any person with a federal income tax payment due April 15, 2020, is affected by the COVID-19 emergency for purposes of this tax relief and is an "affected taxpayer."

The notice continues to explain that:

- For an affected taxpayer, the due date for making federal income tax payments due April 15, 2020, in an aggregate amount up to the "applicable postponed payment amount," is postponed to July 15, 2020.
- The "applicable postponed payment amount" is up to \$10 million for each consolidated group (as defined in Reg. section 1.1502-1) or for each C corporation that does not join in filing a consolidated return.
- For all other affected taxpayers, the "applicable postponed payment amount" is up to \$1 million regardless of filing status. For example, this amount is the same for a single individual and for married individuals filing a joint return.

The relief provided by Notice 2020-17 only applies for federal income tax payments (including payments of tax on self-employment income) due on April 15, 2020, in respect of an affected taxpayer's 2019 tax year, and federal estimated income tax payments (including payments of tax on self-employment income) due on April 15, 2020, for an affected taxpayer's 2020 tax year.

Notice 2020-17 clarifies that there is no extension provided by it for the payment or deposit of any other type of federal tax, or for the filing of any tax return or information return.

Guidance related to interest and penalties

As a result of the postponement of the due date for making federal income tax payments up to the applicable postponed payment amount from April 15, 2020, to July 15, 2020, there will be no accrual of interest, penalties or addition to tax for a failure to pay for the period beginning on April 15, 2020, and ending on July 15, 2020.

Interest, penalties, and additions to tax with respect to amounts of postponed federal income tax payments will begin to accrue on July 16, 2020.

Also, interest, penalties, and additions to tax will accrue, without any suspension or deferral, on the amount of any federal income tax payments in excess of the applicable postponed payment amount due but not paid by an affected taxpayer on April 15, 2020.

Notice 2020-17 states that affected taxpayers subject to penalties or additions to tax despite the relief granted by this notice may seek reasonable cause relief under section 6651 for a failure to pay tax or seek a waiver to a penalty under section 6654 for a failure by an individual or certain trusts and estates to pay estimated income tax, as applicable. Similar relief with respect to estimated tax payments is not available for corporate taxpayers or tax-exempt organizations under section 6655.

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