

# IRS Information Update

The IRS has officially announced Federal Income Tax Payment relief for 2019 taxes owed by both individuals and corporations for Tax Year 2019. The **FILING** deadline for Tax Year 2019 at this time remains April 15<sup>th</sup>, 2020. If you plan to delay both your payment AND your filing, you MUST file an extension. As a proactive measure, we will be filing a blanket extension for all of our clients Friday March 27, 2020. Due to current events, we will **NOT** be enforcing our policy requiring a signed engagement letter to file an extension. *RainCity CPA* will be filing a \$0 due extension for all individual and business clients that have not yet filed their taxes. This is a protective measure to get our clients through the April 15<sup>th</sup> deadline. Clients with a balance due to the IRS will be contacted before the July 15, 2020 delayed payment due date.

## INDIVIDUALS

**IRS Tax Relief Includes:** Income tax **payment** deadlines for individual returns, with a due date of April 15, 2020, are automatically delayed until **July 15, 2020**, for up to \$1 million of 2019 Federal Income Taxes.

- *This relief also includes estimated tax payments for tax year 2020 that are due on April 15, 2020. The IRS has **NOT** mentioned relief for estimated tax payments due June 15, 2020. If you normally make quarterly estimated tax payments, be prepared to make a payment in June 2020. Clients delaying their filing and tax payments will be contacted about amounts due as the June due date approaches.*

**\*Please note - this is NOT an automatic extension of time to FILE returns. Individuals must file Form 4868 for a 6-month extension of time to FILE\***

This payment relief applies to all individual returns, including self-employed individuals, and all entities other than C-Corporations, such as trusts or estates. IRS will automatically provide this relief to taxpayers. Taxpayers do not need to file any additional forms or call the IRS to qualify for this relief.

Penalties and interest will begin to accrue on any remaining unpaid balances as of July 16, 2020. If you file your tax return or request an extension of time to file by April 15, 2020, you will automatically avoid interest and penalties on the taxes paid by July 15.

**IRS Tax Relief does NOT include:** State Income Taxes – The IRS Federal Income Tax relief does not apply to State Income taxes. Please visit <https://www.taxadmin.org/state-tax-agencies> to check with your individual state taxing authorities as to what relief (*if any*) is being offered.

## EMPLOYERS

**IRS Tax Relief Includes:** Corporate Tax Relief - For C Corporations, income tax payment deadlines are being automatically extended until **July 15, 2020**, for up to \$10 million of their 2019 tax due.

**\*Please note - this is NOT an automatic extension of time to FILE returns – C-Corporations must file Form 7004 for an extension of time to FILE\***

- *This relief also includes estimated tax payments for tax year 2020 that are due on April 15, 2020. The IRS has **NOT** mentioned relief for estimated tax payments due June 15, 2020. If you normally make quarterly estimated tax payments, be prepared to make a payment in June 2020. Clients delaying their filing and tax payments will be contacted about amounts due as the June due date approaches*

Penalties and interest will begin to accrue on any remaining unpaid balances as of July 16, 2020. If you file your tax return or request an extension of time to file by April 15, 2020, you will automatically avoid interest and penalties on the taxes paid by July 15.

**IRS Tax Relief does NOT Include:** Form 941 Payroll Taxes – As of the time of this posting, there is no penalty/interest relief for Federal Payroll Taxes (Social Security, Medicare, Federal Income Taxes Withheld). If you have determined that you do not have the funds to cover the payroll taxes due – please advise your Tax Professional to NOT schedule the relevant payments. The penalties for insufficient funds are greater than those accrued for simple non-payment. There are no extensions of time to file/pay at this time.