

Updated 3/30/2020 (Originally published 3/24/2020)

## IRS and California Announce Tax Deadline Updates

**The Internal Revenue Service has announced an extended deadline for both federal income tax filings and payments. Any taxpayer with a payment due on April 15, 2020, is considered to be affected by COVID-19 and eligible for this relief. California recently announced similar tax extensions.**

### Postponed Federal Filing and Payment Dates

The U.S. Department of Treasury has announced a 90-day extension for filing and making federal income tax payments due April 15, 2020. From April 15 to July 15, no interest or penalties will be charged for late filing or late payments.

This extension applies to the filing of federal income tax returns and the making of:

- Federal income tax payments for a taxpayer's 2019 taxable year due April 15, 2020; and
- Federal estimated income tax payments due April 15, 2020, for the taxpayer's 2020 taxable year.

This deferment applies to all taxpayers, including individuals, trusts and estates, corporations, and other non-corporate tax filers, as well as those who pay self-employment tax.

Federal income tax returns for fiscal year ended during 2019 that are due on April 15, 2020, whether that is the original due date or the due date on extension, are also postponed to July 15, 2020.

Second quarter 2020 federal estimated income tax payments are still due on June 15, 2020.

Gift and Generation-Skipping Transfer Tax Returns (Form 709) and related payments have also been extended to July 15, 2020.

The due date of the returns are automatically postponed to July 15, 2020. Taxpayers do not need to file any additional forms or call the IRS to qualify for this automatic federal tax filing and payment relief. Taxpayers who do not anticipate filing a return due on April 15, 2020, by July 15, 2020, will need to file Form 4868 or Form 7004 by July 15, 2020. All anticipated tax payments should be made by July 15, 2020, to avoid interest and penalties after that date.

No extension is provided for the payment or deposit of any other type of federal tax, or for filing of any federal information return. Any taxpayers who have filing or payment due dates other than April 15 have not been granted relief at this time.

Payroll and excise tax filings and payments are not extended.

The time available to fund eligible 2019 IRA, HSA, and Archer MSA contributions has been extended from April 15, 2020, to July 15, 2020.

This announcement comes following the President's emergency declaration pursuant to the Stafford Act. The Stafford Act is a federal law designed to bring an orderly and systematic means of federal natural disaster and emergency assistance for state and local governments in carrying out their responsibilities to aid citizens.

The IRS is expected to release further guidance on these provisions in the days ahead.

## California State Tax Extension

The state of California has announced multiple extensions as well.

### ***California Income Tax***

In line with the federal extensions, the CA FTB has postponed until July 15 the filing and payment deadlines for all individuals and business entities for:

- 2019 tax returns
- 2019 tax return payments
- 2020 1st and 2nd quarter estimate payments
- 2020 LLC taxes and fees
- 2020 non-wage withholding payments

Since California conforms to the underlying code sections that grant tax postponements for emergencies, FTB is extending the relief to all California taxpayers. Taxpayers do not need to claim any special treatment or call FTB to qualify for this relief.

### ***California Payroll Tax***

Employers statewide directly affected by COVID-19 may request up to a 60-day extension of time from the Employment Development Department (EDD) to file their state payroll reports and/or deposit payroll taxes without penalty or interest. A written request for extension must be received within 60 days from the original delinquent date of the payment or return.

Note the EDD has limited in-person access to its offices, and Tax Offices are now by appointment only, but employers can call a representative during business hours. Visit the [CA EDD Contact Us Page](#) for more information.

### ***Will Anyone Answer the Phone if I Call One of the California Tax Agencies?***

It appears so. On March 18, 2020, the California Department of Human Resources [directed state government personnel offices](#) to establish a staff management plan that takes into consideration stay-at-home directives from state and local public health departments, and a telework schedule for all non-critical employees. This guidance applies to state employees at the FTB (income/franchise), the BOE (centrally assessed property and misc. taxes), the CDTFA (sales/use and misc. taxes), the EDD (employment taxes), and the OTA (administrative appellate body) as state agencies.

### ***California Legislature Adjourned until April 13***

The California Legislature [announced on March 16, 2020](#), that it was adjourning until April 13. All legislation is now on hold, including bills to extend California's False Claims Act to taxes and to impose a statewide headcount tax. The recess may extend beyond April 13 if the Governor declares that preventive measures such as continued home isolation are necessary to address the current state of emergency.

## **City and Local Tax Concerns**

Cities are addressing concerns on an ad hoc basis. Check your city and county websites for current developments.

### ***San Francisco Deferral of Business Taxes for Small Businesses***

Quarterly estimated tax payments of the Gross Receipts Tax, Payroll Expense Tax, Commercial Rents Tax, and Homelessness Gross Receipts Tax that would otherwise be due on April 30, 2020, are waived for taxpayers or combined groups that had combined San Francisco gross receipts in calendar year 2019 of \$10,000,000 or less. These quarterly estimated tax liabilities must instead be paid along with annual tax payments for tax year 2020, which will generally be due by March 1, 2021.

These bills are typically mailed in late March, but businesses with 2019 gross receipts of \$10,000,000 or less will receive a letter instead of a bill.

The City of San Francisco is also [extending the Annual Small Business License Fee](#), which is otherwise due on March 31, 2020, to June 30, 2020. Details are provided in a [press release](#) sent out by the San Francisco chamber of commerce. The San Francisco Business Community is separately [calling for an economic recovery package](#). See the [San Francisco Chamber of Commerce News Page](#) for more information and the latest updates.

### ***Real Property Tax***

While counties cannot change the state law that sets the April 10 property tax deadline, taxpayers who are unable to pay on time for reasons related to COVID-19 should submit a request for a penalty waiver online. Some counties are not currently accepting in-person property tax payments due to office closures. Check your county's website for more information.

## What Does the 90-day Delay on Paying and Filing Income Taxes Mean to Me?

Tax payment deferments at multiple levels of government, including tax relief offered by other states and localities in response to COVID-19, are meant to help minimize cash flow issues for both individuals and businesses. Many states are simultaneously providing, or have already provided, their own relief. Your Seiler tax advisor is available to discuss how the filing and payment extensions apply to your situation and how best to minimize the financial impact of the COVID-19 pandemic.

## Information Updated as It Becomes Available

Here are some links we hope will be helpful in keeping you up to date:

- Latest COVID-19 health information from the [Centers for Disease Control and Prevention](https://www.cdc.gov/coronavirus/) (CDC): <https://www.coronavirus.gov/>
- U.S. Government's official COVID-19 response website: <https://www.usa.gov/coronavirus>
- Department of Treasury's official COVID-19 response website: <https://home.treasury.gov/coronavirus>.
- IRS's special section on COVID-19 related developments: <https://www.irs.gov/coronavirus>
- California Franchise Tax Board's Coronavirus special tax relief and updates homepage: <https://www.ftb.ca.gov/about-ftb/newsroom/covid-19/index.html?WT.ac=COVID-19>

## Please Stay in Contact with Us

This is obviously a fluid situation, and guidance is updated almost daily. We strongly encourage you to maintain close communication with your tax advisor about what's happening and especially how it affects your circumstances.

Seiler's physical offices have been closed as of March 23, but our team is working remotely and is available as usual by phone or email to answer any questions you might have.