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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 IRS and the U.S. Department of Treasury have announced new relief for federal taxpayers affected by the coronavirus (COVID-19) pandemic. The IRS had already extended certain deadlines to file and pay federal income taxes and estimated tax payments due April 15, 2020, without incurring late filing penalties, late payment penalties or interest. The additional relief, outlined in Notice 2020-23, applies to a wider variety of tax filers.

The Extensions in a Nutshell

The extensions apply to taxpayers, including Americans living and working abroad, with filing or payment deadlines on or after April 1, 2020, and before July 15, 2020. Covered tax forms and payments include:

- Individual income tax payments and returns,
- Calendar-year or fiscal-year corporate income tax payments and returns,
- Calendar-year or fiscal-year partnership return filings,
- Estate and trust income tax payments and returns,
- Gift and generation-skipping transfer tax payments and returns, and
- Tax-exempt organizations' payments and returns.

The due dates for these payments and returns are automatically postponed to July 15, 2020. Taxpayers don't need to contact the IRS, file any extension forms, or send letters or other documents to take advantage of the extensions. The accrual of interest, penalties and additions to tax for failure to file or pay will be suspended from April 1, 2020, to July 15, 2020, resuming on July 16, 2020.

The IRS is also extending the earlier relief regarding quarterly estimated tax payments. As of now, the payments ordinarily due on both April 15 and June 15 aren't due until July 15. This applies to individual and businesses that must make estimated tax payments.

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.

Extensions for Other Time-Sensitive Actions

Notably, the IRS is giving taxpayers extra time to perform specified other time-sensitive actions originally due to be performed on or after April 1, 2020, and before July 15, 2020. Those include filing petitions with the U.S. Tax Court or seeking review of a Tax Court decision, filing claims for tax credits or refunds, and filing a lawsuit based on a tax credit or refund claim. Taxpayers generally have three years to claim refunds, so the deadline for 2016 refunds otherwise would be April 15, 2020 (three years after the April 2017 filing date for 2016 tax returns).

Unfortunately for some taxpayers, the notice also provides the IRS with additional time to perform certain time-sensitive acts. It allows a 30-day postponement if the last date for performance of an action is on or after April 6, 2020, and before July 15, 2020. This extension could affect taxpayers who are currently under IRS examination, whose cases are with the Independent Office of Appeals or who file amended returns or submit payments for a tax for which the assessment period would expire in that time period.

Among the deadlines extended is (a) the 45-day identification period and 180-day exchange period required under section 1031 and (B) the 180-day period for a taxpayer with eligible capital gains to invest some or all of those gains in a qualified opportunity fund in order to be able to elect benefits under the opportunity zone tax incentive.

The IRS is putting together FAQs that will clarify these recently announced extension of deadlines.

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 estimated 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. San Francisco and San Mateo counties have extended their normal April 10 property tax payment deadlines until May 4, the date their tax collector's offices are scheduled to reopen to the public after shelter-in-place orders are lifted. 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. Most states are following the federal government's lead and providing similar income tax filing and payment due date relief without imposing late filing or late payment penalties. 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](#) (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

The IRS, Department of Treasury, Congress and the Trump administration continue to work on new forms of relief to help individuals and businesses cope with the effects of the COVID-19 crisis. 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.

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