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Expansion of Tax Relief: COVID-19 Pandemic

The Department of Treasury and the Internal Revenue Service Further Expand Relief and Extend the Already Enacted July 15, 2020 Deferred Deadline to Additional Federal Tax Filings or Payments Due on or After April 1, 2020 and before July 15, 2020.

April 13, 2020

Notice 2020-23, issued on April 9, 2020, focuses on the additional tax deadlines being interrupted for both individuals and businesses amidst the COVID-19 pandemic and provides new relief related to individuals, trusts, estates, corporations and non-corporate tax filers.

The following federal returns and tax payments due on or after April 1, 2020 and before July 15, 2020 can now be deferred until July 15, 2020:

- 2019 personal income tax returns (*Forms 1040, 1040-SR, 1040-NR, 1040-NR-EZ, 1040-PR & 1040-SS*).
- Personal income tax estimate payments for First and Second quarters of 2020 (*Forms 1040-ES, 1040-ES(NR) & 1040-ES(PR)*).
- 2019 gift tax returns (*Form 709*).
- Estate and generation-skipping transfer tax returns and tax payments (*Forms 706, 706-NA, 706-A, 706-QDT, 706-GS(T), 706-GS(D), 706-GS(D1) as well as Form 8971*).
- Estate tax and interest payment due as a result of a deferral election under IRC section 6166, 6161 or 6163.
- Fiduciary fiscal year tax returns and tax payments including quarterly estimates (*Forms 1041, 1041-N, 1041-QFT & 1041-ES*).
- Corporate fiscal year tax returns and tax payments including quarterly estimates (*Forms 1120, 1120-C, 1120-F, 1120-FSC, 1120-H, 1120-L, 1120-ND, 1120-PC, 1120-POL, 1120-REIT, 1120-RIC, 1120-S, 1120-SF & 1120-W*).

- Partnership fiscal year tax returns and tax payments (*Forms 1065 and 1066*).
- Exempt Organization Business Income Tax returns and 2020 estimated tax payments (*Forms 990-T & 990-W*).
- Excise tax payments on investment income and return filings for Private Foundations (*Form 990-PF*).

U.S. Citizens who live and work abroad can now also defer the filing and payment of 2019 federal income tax to July 15, 2020.

All extensions to July 15, 2020 are automatic and no late penalties or interest will be applied. If a taxpayer should need additional time beyond the July 15, 2020 automatic extension, such taxpayer can file for a further extension to October 15, 2020 by using Form 4868 for individuals or Form 7004 for businesses. These extensions will not, however, extend the time to pay federal income tax beyond July 15, 2020.

Specified Time – Sensitive Action

Notice 2020-23 also determined that any person performing time-sensitive action (as defined in the Notice) which was due to be performed on or after April 1, 2020 and before July 15, 2020 is defined as an “Affected Taxpayer”.

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An Affected Taxpayer includes persons who are currently under examinations, persons whose cases are with the Independent Office of Appeals and persons who between April 6, 2020 and July 15, 2020 file amended returns or submit payments with respect to a tax for which the time for assessment would otherwise expire during this period.

Affected Taxpayers who have Specified Time-Sensitive Actions (such as filing all petitions with the Tax Court, review of decisions rendered by the Tax Court, filing a claim for credit or refund of any tax and bringing suit upon a claim for credit or refund of any tax) due to be performed on or after April 1, 2020 and before July 15, 2020 will now have until July 15, 2020 to perform such actions.

The Notice also provides that a Taxpayers reinvesting capital gains into qualified opportunity funds receive an automatic extension to July 15, 2020 of the 180-day period deadline to invest if the Taxpayer's original deadline fell on or after April 1, 2020 and before July 15, 2020.

Notice 2020-23 also specifically provides relief to taxpayers currently engaged in 1031 exchanges. Those struggling to complete such transactions received long-

awaited relief from both the 45-Day Identification and 180-Day Exchange Period deadlines.

A taxpayer with a 45-Day Identification Period or 180-Day Exchange Period deadline between April 1, 2020 and July 15, 2020 will now have an automatic extension to July 15, 2020. To highlight this new relief, please see the examples below:

- If a taxpayer's exchange began on May 1, 2020, the 45-Day Identification Period ends June 15, 2020. This is now automatically extended to July 15, 2020. However, Taxpayer's 180-Day Exchange Period still ends on October 28, 2020 because October 28 is after July 15, 2020.
- If a taxpayer's exchange began on January 1, 2020, the 45 Day Identification Period ended February 15, 2020 (requiring no extension because it is before April 1, 2020). Taxpayer's 180-Day Exchange Period originally ending on June 29, 2020 is now automatically extended to July 15, 2020.

Unfortunately, taxpayers who had deadlines prior to April 1, 2020 did not receive the same relief and their original deadlines are still applicable. It should also be noted that extensions provided in Notice 2020-23 are different from the usual disaster extension that provide for an extra 120 days.

For more information or if you have any questions about how this new development may affect your business, please contact a member of our Taxation and Estates Department.

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