

Norwalk Business Service, Inc.

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******IRS Covid 19 Update – April 15 deadline******

Dear Client:

The IRS has issued official guidance clarifying that the 90-day extension for payment of taxes does not apply to the March 15 or April 15 filing deadlines. (IRS Notice 2020-17) This means that even though the actual tax payment has been deferred until July 15, 2020, for most taxpayers, they must still file a timely extension request to avoid the late-filing penalty (or, in the case of the missed March 15 filing deadline, request penalty abatement if late-filing penalties are imposed).

This federal relief is granted under IRC §7508A, which California conforms to. As a result, we believe California conforms to the July 15 payment extension. Before this notice, they had extended their deadlines until June 15th.

Any person with a federal income tax payment due April 15, 2020, who is affected by the COVID-19 emergency is eligible for the following relief:

- Deferral of up to \$1 million in aggregate for all taxpayers other than C corporations, regardless of filing status (so the \$1 million limit applies to joint filers); or
- Deferral of up to \$10 million in aggregate for C corporations (the \$10 million limit applies at the consolidated group level if the corporation is part of a consolidated group).

The relief only applies to:

- 2019 income tax payments due on April 15, 2020 (including self-employment taxes); and
- The April 15, 2020, estimated income tax payment due on April 15, 2020, for the 2020 taxable year (including self-employment taxes).

Accounting offices are considered one of the essential services under most quarantine orders. We believe the reasoning for this is they want people to file and receive their refunds and they want people to continue to be paid. Our office will remain open unless otherwise directed by officials.

For those of you with an in person meeting, our office is taking proactive steps to help reduce the chance of virus transmission. Some steps include wiping down surfaces, washing hands between each client, providing different seating areas if our lobby gets crowded and not sharing writing implements. Health officials have recommended that all non-essential travel and contact with others should be avoided. In keeping with that recommendation, we encourage all of our clients to complete their appointment remotely. To do this, please send all documentation by email, fax, or mail a week in advance of your appointment and we will finish your return by phone.

For your appointment, we ask that you do not bring more people than are needed to complete the tax return so that we can maintain effective social distancing. We can also file an extension if you wish to wait to file your taxes.

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