

NEWS ALERT**TAX GROUP****IRS Issues Formal Guidance on Postponement of 2019 Income Tax Payments and First Quarter 2020 Estimated Tax Payments**

By Marc T. Finer | March 19, 2020

On Wednesday, March 18, the IRS issued formal guidance in the form of [Notice 2020-17](#) (the "Notice") that adds clarity and broadens a recent US Treasury announcement that the April 15 Federal income tax payment deadline is being extended to July 15, 2020 for taxpayers who owe additional 2019 Federal income tax liabilities (See, [IRS Delays April 15 Tax Payment Deadline by 90 Days](#)). Importantly, the extension does not change the April 15 deadline for the filing of any tax return or information return unless an extension is requested.

According to the Notice, the payment extension applies to any person with a Federal income tax payment due April 15, 2020 ("Affected Taxpayer") but does not apply to the payment or deposit of any other type of Federal tax. Consolidated groups of corporations and C corporations that do not join in filing a consolidated return can defer up to \$10 million of Federal income tax liabilities due April 15, 2020. Other Affected Taxpayers, including individuals and trusts, can defer up to \$1 million of Federal income tax liabilities due April 15, 2020 regardless of filing status. For example, the \$1 million cap is the same for a single individual and for married individuals filing jointly.

In addition to postponing the due date for Federal income tax payments (including payments of tax on self-employment income) otherwise due on April 15, 2020, with respect to an Affected Taxpayer's 2019 taxable year, the Notice also extends to July 15, 2020, first quarter Federal estimated income tax payments (including payments of tax on self-employment income) otherwise due on April 15, 2020, for the 2020 taxable year. However, the aggregate amount of deferred Federal income tax, self-employment taxes and 2020 estimated tax payments cannot exceed the \$10 million/\$1 million limits.

The Notice states that the IRS will not impose interest or penalties on Federal income taxes up to the \$10 million/\$1 million limits that are paid by the July 15 extended due date. However, interest, penalties and additions to tax will accrue, without any suspension or accrual, on any Federal income taxes in excess of these limits that are due and not paid by April 15, 2020.

If you have any questions regarding Notice 2020-17 or how it might affect your business, please contact Marc T. Finer, Tax Partner, at 860-240-6096 or mfiner@murthalaw.com.

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