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Treasury Provides Relief for Taxpayers Amid COVID‑19 Pandemic

March 19, 2020

On March 18, 2020, the US Treasury Department and IRS issued guidance (Notice 2020-17) extending the time to pay federal income taxes due on April 15, 2020, to July 15, 2020, up to certain thresholds. For each consolidated group or C corporation that does not join in filing a consolidated return, the threshold is $10 million. For other taxpayers, the threshold is $1 million, regardless of filing status. Thus, the same $1 million threshold applies to a single individual as well as a married couple filing a joint return.

The relief provided in the notice applies only to federal income tax payments (including payments of tax on self-employment income) due on April 15, 2020, for the taxpayer's 2019 tax year and federal estimated income tax payments (including payments of tax on self-employment income) due on April 15, 2020, for the taxpayer's 2020 tax year. The threshold amounts specified in the notice are aggregate amounts.

For the three-month relief period, the IRS will not charge interest or failure to pay penalties on federal income taxes up to the specified threshold amounts that otherwise would have been due on April 15, 2020. The normal rules for interest and penalties apply to amounts that exceed the threshold amounts.

Notice 2020-17 does not provide an extension of time for filing a tax or information return. Accordingly, taxpayers whose federal income tax returns are due on April 15, 2020, must file their return or an application for an automatic extension by that date.

The notice also does not extend to payments of state taxes. While some states have extended the time for filing of returns and/or payment of taxes, others have not. The American Institute of Certified Public Accountants has been tracking state guidance here.

Coronavirus resource hub

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