

## Updated Filing and Payment Extensions Under Notice 2020-23

April 10, 2020

In late March, as a direct response to the COVID-19 crisis, the Internal Revenue Service (the “Service”) created new programs and extended tax filing and payment deadlines to ease the burden on taxpayers. However, its quick implementation (while laudable), led to several inconsistencies that practitioners asked the Service to address. One such issue was highlighted in a prior client alert—the explicit [exclusion of information returns](#) from the extended deadlines included in Notice 2020-18. By excluding information returns from the automatic extensions granted under Notice 2020-18, the Service created uncertainty as to the filing procedures for a vast number of taxpayers. Additionally, its reference to tax returns due on April 15 led to confusion regarding the Notice’s application to U.S. persons residing abroad who generally claim an “automatic” extension to file their individual returns on June 15.

On April 9, 2020, the Service published Notice 2020-23, providing extensions for information returns and issuing guidance and clarification on other extended deadlines. Below is a summary of several key topics addressed by Notice 2020-23.

### **Information Returns**

Under Notice 2020-23, the Service clarifies that like Form 1040 “all schedules, returns, and other forms that are filed as attachments to Specified Forms or are required to be filed by the due date of Specified Forms, including, for example, Schedule H and Schedule SE, as well as Forms 3520, 5471, 5472, 8621, 8858, 8865, and 8938” are extended through July 15, 2020, so long as they were originally due to be filed on or after April 1, 2020, but before July 15, 2020.

Notice 2020-23 resolves any uncertainty remaining from the prior guidance that seemingly decoupled the due dates for income tax returns and foreign information returns that are filed with the income tax returns. As per the Notice, taxpayers will automatically be granted an extension of time to file information returns, such as Form 3520, to July 15, 2020.

### **Extension of Time to File and Pay Tax**

Pursuant to Notice 2020-23, a wide range of taxpayers, with federal tax payments or filing obligations from April 1, 2020 through July 15, 2020, are eligible for an extension. Examples of tax forms and payments that are generally now extended are:

- Individual income tax payments and returns;
- Corporate income tax payments and returns;
- Partnership returns;
- Estate and trust income tax payments and returns;

- Estate and generation-skipping transfer tax payments and returns, along with certain gift and generation-skipping transfer tax payments and returns; and
- Certain payments and returns related to exempt organizations.

Notably, the Service's accompanying [news release](#) confirms the extension's application to taxpayers who would normally file an individual return on June 15, 2020, stating that "anyone, including Americans who live and work abroad, can now wait until July 15[, 2020] to file their 2019 federal income tax return and pay any tax due."

A comprehensive list of the exact forms and payments eligible for the automatic extension can be found [here](#). It is important to note that the any returns and payments that were due prior to April 1, 2020 remain ineligible for the relief provided in Notices 2020-18 and 2020-23.

## **Estimated Taxes**

The Service also extended the payment due date for second quarter estimated taxes, which otherwise would have been due on June 15, 2020. The payment deadline for first quarter estimated taxes was previously granted an extension to July 15, 2020. Under Notice 2020-23, both first and second quarter estimated taxes are now due on July 15, 2020.

## **Tax Court and Claims for Refund**

Notice 2020-23 also extends through July 15, 2020 the filing deadline for "petitions with the Tax Court, or for review of a decision 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." The relief does not apply to any deadline that expired prior to April 1, 2020.

## **Qualified Opportunity Zone Investments**

Taxpayers seeking the benefits of investing in Qualified Opportunity Zones (Sections 1400Z-1 and 1400Z-2) are required to make an investment in a "Qualified Opportunity Fund" within 180 days of the sale or exchange that gave rise to the eligible gain in order for the taxpayer to have made a qualifying investment. Taxpayers required to make such investment on or after April 1, 2020, and before July 15, 2020, now have until July 15, 2020 to make the qualifying investment.

## **Extension for the Government to Perform Certain Time-Sensitive Actions**

Notice 2020-23 also grants the Service a 30-day extension to perform certain time-sensitive actions if the deadline for performance of the action falls between April 6 and July 15, 2020. The Government's time-sensitive actions covered by the Notice include:

- Assessment of tax;
- Issuing a notice or demand for the payment of tax;
- Collection actions, such as filing of a lien or levy;

- Filing a tax related suit; and
- Allowing a credit or refund of tax.

Only a limited number of taxpayers are affected by this extension, including taxpayers who are currently under examination by the Service; whose cases are currently before the Service's Office of Appeals; and taxpayers who during the period of April 6 and July 15, 2020, file amended returns or submit payments with respect to a tax, the time for assessment of which would expire during this period.

Attorneys in [Caplin & Drysdale's Tax Controversy Group](#) have decades of experience representing individuals and businesses before the Internal Revenue Service and helping taxpayers obtain needed relief and positive resolutions to their tax issues. Our attorneys will continue to monitor federal and state policies intended to help taxpayers during the COVID-19 crisis.

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