

Filing Deadline Extended to July 15

Cap on payment relief removed

The Treasury Department and IRS announced ([Notice 2020-18](#)) that the federal income tax filing due date is automatically extended from April 15, 2020, to July 15, 2020.

Taxpayers can also defer federal income tax payments due on April 15, 2020, to July 15, 2020, without penalties and interest, regardless of the amount owed. Please note, the limitations provided in Notice 2020-17 are no longer applicable.

This deferment applies to all taxpayers, including individuals, trusts and estates, corporations and other non-corporate tax filers as well as those who pay self-employment tax. If your client has already [scheduled a payment](#), at this time the IRS has not provided a way to change the due date. If changes are needed, the only option is to cancel the payment and choose another payment method.

Taxpayers do not need to file any additional forms or call the IRS to qualify for this automatic federal tax filing and payment relief. Individual taxpayers who need additional time to file beyond the July 15 deadline can file an automatic extension to Oct. 15.

This relief is only available for:

- Federal income tax payments (including payments of tax on self-employment income) for a 2019 tax return
- Federal estimated income tax payments (including payments of tax on self-employment income) due on April 15, 2020, for the 2020 taxable year

It is our understanding that no extension is provided for contributing to a tax-favored HSA, SEP or IRA. We have reached out to the IRS for further guidance.

Please see our [COVID-19 Tax News & FAQ](#) for more information.

COVID-19 Tax Credits Available Now

Paid relief for workers

Small and midsize employers can begin taking advantage of [two new refundable payroll tax credits](#) designed to immediately and fully reimburse them, dollar-for-dollar, for the cost of providing COVID-19-related leave to their employees. This relief to employees and small and midsize businesses is provided under the *Families First Coronavirus Response Act (Act)*.

The act gives businesses with fewer than 500 employees funds to provide employees with up to 80 hours of paid leave, either for the employee's own health needs or to care for family members. There are two credits available:

Paid Sick Leave Credit

For an employee who is unable to work because of COVID-19 quarantine or self-quarantine or has COVID-19 symptoms and is seeking a medical diagnosis, eligible employers may receive a refundable sick leave credit for sick leave at the employee's regular rate of pay, up to \$511 per day and \$5,110 in the aggregate, for a total of 10 days (up to 80 hours).

For an employee who is caring for someone with COVID-19, or is caring for a child because the child's school or child care facility is closed, or the child care provider is unavailable due to COVID-19, eligible employers may claim a credit for two-thirds of the employee's regular rate of pay, up to \$200 per day and \$2,000 in the aggregate, for up to 10 days (up to 80 hours). Eligible employers are entitled to an additional tax credit determined based on costs to maintain health insurance coverage for the eligible employee during the leave period.

Child Care Leave Credit

In addition to the sick leave credit, for an employee who is unable to work because of a need to care for a child whose school or child care facility is closed or whose child care provider is unavailable due to COVID-19, eligible employers may receive a refundable child care leave credit. This credit is equal to two-thirds of the employee's regular pay, capped at \$200 per day or \$10,000 in the aggregate. Up to 10 weeks of qualifying leave can be counted towards the child care leave credit. Eligible employers are entitled to an additional tax credit determined based on costs to maintain health insurance coverage for the eligible employee during the leave period.

Using the Credits

Under guidance that will be released next week, eligible employers who pay qualifying sick or child care leave will be able to retain an amount of the payroll taxes equal to the amount of qualifying sick and child care leave that they paid, rather than deposit them with the IRS.

The payroll taxes that are available for retention include withheld federal income taxes, the employee share of Social Security and Medicare taxes, and the employer share of Social Security and Medicare taxes with respect to all employees.

If there are not sufficient payroll taxes to cover the cost of paid qualified sick and child care leave, employers will be able file a request for an accelerated payment from the IRS. The IRS expects to process these requests in two weeks or less. The details of this new, expedited procedure will be announced next week.