



Summit Financial, LLC

Planning Alert

2020 Tax Relief Measures in Response to Coronavirus

This Planning Alert addresses tax relief measures which are being instituted as part of the American response to financial interruptions, caused by the 2020 coronavirus pandemic. Please note that these relief measures are in a state of constant development, due in part to the fluid nature of the contagion's effects, so the information provided here is as of 3/20/2020.

Federal Relief

Under IRS Notice 2020-17, C Corporations which do not join in filing consolidated returns and enterprises that file their return as a consolidated group can delay paying up to \$10,000,000 of federal income tax that would otherwise be due on 4/15/2020. All other taxpayers, regardless of filing status, can delay paying up to \$1,000,000 of federal income tax which would normally be due on 4/15/2020. Married taxpayers and single taxpayers receive the same \$1,000,000 tax payment delay allowance; so, married taxpayers cannot double this sum by filing a joint return. The payment deadline for making delayed tax payments without interest, penalty or additional tax is now 7/15/2020 in all cases.

Notice 2020-17 tax payment delay allowances may be used with respect to any combination of federal income tax, including tax on self-employment income, for the 2019 tax year and estimated federal income tax, including estimated tax on self-employment income, for the 2020 tax year. Taxes exceeding these payment delay allowances will accrue interest, penalties and any pertinent added tax, unless paid by the traditional 4/15/2020 due date.

On 3/20/2020, the Treasury Secretary announced that the federal government is extending tax return filing deadlines until 7/15/2020 to coincide with the extended due date for payments.

The IRS has also issued Notice 2020-15, allowing high deductible health plans ("HDHPs") that cover the costs of testing or treatment for COVID-19 before plan deductibles are met to maintain their statuses as HDHPs. Correspondingly, an individual covered by an HDHP which funds coronavirus expenses before the yearly deductible is satisfied remains eligible to make tax-favored contributions to his or her health savings account.

State Relief¹

The California Department of Tax & Fee Administration, together with the state's Franchise Tax Board, have issued taxpayer relief which moves due dates for filing and paying taxes that usually fall between 3/15/2020 and 6/15/2020 to 6/15/2020. Partnerships and LLCs taxed like partnerships now have until 6/15/2020 to file their returns and pay state taxes without penalties or interest. Individuals now have until 6/15/2020 to file their personal returns and pay any taxes they owe without penalties or interest. Quarterly estimated tax payments that are ordinarily due on 4/15/2020 have also been pushed back to a new due date of 6/15/2020.

The Connecticut Department of Revenue Services has extended the deadlines for filing Pass-Through Entity Tax Returns, Unrelated Business Income Tax Returns, and Corporate Business Returns to 6/15/2020; payments of tax in connection with these returns is also extended to 6/15/2020. The personal tax return filing due date and deadline for paying personal state taxes will align with changes that are made for federal tax return filing and payment.

The Illinois State Treasurer's Office is granting 30-day extensions for filing estate tax returns and paying the resulting tax for all returns with a due date which falls between 3/16/2020 and 4/15/2020. However, any tax owed in connection with those estate tax returns will accrue interest at statutory rates.

The states of Colorado, Indiana, Michigan and Ohio have announced that their state tax return filing and payment deadlines will be aligned with corresponding changes which are made for federal tax return filing and payment.

The Maryland Department of Assessments & Taxation announced penalty-free, zero-interest extensions until 6/1/2020 for filing returns and paying the tax associated with the following state business returns:

- (1) Sale & Use Tax,
- (2) Withholding Tax,
- (3) Admissions & Amusements Tax,
- (4) Alcohol, Tobacco & Motor Fuel Excise Taxes, and
- (5) Tire Recycling Fee & Bay Restoration Fee Returns.

The North Carolina Department of Revenue is offering limited-time penalty waivers for filing returns and paying associated taxes, if the due dates for doing so would otherwise have fallen between 3/15/2020 and 3/31/2020. To utilize this penalty waiver, taxpayers must file Form NC-5500 and write "COVID-19" at the top of the form.

The Oregon Department of Revenue announced it will not assess underpayment penalties or interest on 1st quarter 2020 estimated payments of the state's new Corporate Activity Tax which are due 4/30/2020.

The South Carolina Department of Revenue has extended the deadline for filing returns and making associated tax payments until 6/1/2020 for the following state tax returns which would ordinarily have due dates that fall between 4/1/2020 and 6/1/2020:

- (1) Sale & Use Tax,
- (2) Individual Income Tax,
- (3) Corporate Income Tax, and
- (4) Admissions Tax.

Many other state Departments of Revenue have expressed their willingness to grant some form of tax filing or payment relief and will almost certainly communicate those measures in the coming days.

Summit Financial, LLC wishes everyone the best of luck in protecting themselves and their loved ones during this challenging time.

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¹These 2020 state tax filing and payment relief measures can be found on the AICPA website, under the heading "State Tax Filing Guidance for Coronavirus Pandemic."