



## Tax alert

### US Tax

## US Federal Tax Returns and Payments deadlines extended to July 15

Following our previous alert, the US tax filing deadline for certain federal tax returns has also been postponed to July 15<sup>th</sup>, 2020 (in addition to some federal tax payment deadlines which were postponed as communicated earlier) and thresholds for payment deferrals have been eliminated, pursuant to the latest guidance issued by the IRS and Treasury Department.

States are still developing tax reliefs individually.

### Federal

The Department of the Treasury and the Internal Revenue Service issued new guidance (Notice 2020-18) superseding previous announcements and providing that **both** the payment and filing deadlines with respect to certain taxes will be extended through July 15, 2020:

- The due date for **Federal income tax payments** (including payments of tax on self-employment income) and **Federal income tax returns due on April 15, 2020, in respect of an Affected Taxpayer's 2019 taxable year is automatically postponed to July 15, 2020**, and

- The due date for **Federal estimated income tax payments (including payments of tax on self-employment income) due on April 15, 2020, for an Affected Taxpayer's 2020 taxable year is automatically postponed to July 15, 2020.**
- Previously announced thresholds with respect to deferred payments will no longer apply and **deferred payment amounts will not be limited** (initial guidance provided that up to \$1,000,000 and \$10,000,000 could be deferred by individuals or corporations, respectively – this is no longer relevant).
- **Other taxes, however** (e.g. transition tax installments due April 15<sup>th</sup>, gift tax, generation-skipping transfer tax, estate tax, and employment tax or income tax due later this year as well as any payments due after April 15<sup>th</sup>), **should be unaffected and observe their regular deadline** per this guidance.

Extensions past July 15, 2020 will be still possible by filing the appropriate extension form before the new deadline, July 15, 2020.

## State

Different US States have already adopted various measures to provide much needed relief during the COVID-19 period.

These are the states that have already extended filing or payment deadlines:

- New York, Utah, Arizona, and New Mexico became the first states to mirror the federal government in pushing tax filing due dates from April 15 to July 15, in addition to waiving penalties and interest for late tax returns and payments;
- California had already announced extension of various tax filing and payment deadlines that occur on March 15, 2020/April 15, 2020 to June 15, 2020.
- Washington state has announced that relief will be provided to 'affected taxpayers';
- Various other states have declared readiness to follow federal relief (as described above)

We are closely monitoring this subject as further developments are to be expected in the upcoming days.

## Paid sick leave (Families First Coronavirus Response Act)

Since our last communication, this bill was already signed into law by President Trump. We have summarized implications of the final bill below.

- **Eligibility:** Employers with fewer than 500 employees, regardless of tenure with current employer
- **Affected employees** include employees subject to federal/state/local quarantine or isolation; self-imposed quarantine WITH medical advice; employees experiencing symptoms and seeking medical diagnosis; employees caring for individuals (not limited to family members only but pending further guidance) who are subject to quarantine,

isolation or self-quarantine as described above; employees caring for children whose school has been closed due to COVID-19 precautions; employee experiencing “other substantially similar condition” (pending further clarifications)

- **Employers** will be provided refundable tax credits against their employer portion of Social Security taxes for 100% of the qualified sick leave and family leave wages paid in accordance with the Act. Employers must also post a notice that advises employees of their rights under the act (further guidance due by March 25).

## Coronavirus Aid, Relief and Economic Security (CARES) Act - Proposed

Senate Majority Leader Mitch McConnell, R-Ky. released a revised text of the Coronavirus Aid, Relief, and Economic Security (CARES) Act aimed at providing additional stimulus of \$1.6 trillion to address the economic impact of the coronavirus pandemic. In a cloture vote on March 22, the US Senate failed to adopt this Act potentially setting up an intense round of partisan debate as well as stepped-up negotiations in the upcoming week.

Proposed measures under the proposed CARES act envision several modifications on business tax provisions that, among other things, would:

- Eliminate the taxable income limit for certain net operating losses (NOL) and allow businesses and individuals to carry back NOLs incurred in 2018, 2019, and 2020 to the five prior tax years;
- Relax the excess business loss rules under section 461(l);
- Allow enhanced refundability of previously generated corporate AMT credits;
- Loosen the business interest limitation under section 163(j) from 30 percent to 50 percent; and
- Fix the “retail glitch” for qualified improvement property.

We continue to monitor latest developments and proposed amendments to this bill.

## How can Deloitte’s US corporate tax group based in Brussels help?

Deloitte is closely monitoring the situation at both federal and state levels and will keep you informed as soon as further official guidance is released.

Meanwhile, feel free to count on our support for any questions you may have.

We are here to assist you.

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## Contacts

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