

COVID-19 Federal, State, and Local Tax Extensions: Questions and Answers

By: Javan Kline on April 2, 2020 on graydon.law

Federal

What tax relief has been granted?

Federal Income Taxes. Under Notice 2020-18, the due date for filing Federal income tax returns and making Federal income tax payments due April 15, 2020 has been automatically postponed until July 15, 2020. See Notice 2020-18, which is available [here](#).

Federal Gift and GST Taxes. Under Notice 2020-20, the due date for filing Form 709s (gift and GST tax returns) and making payments of Federal gift and GST taxes due April 15, 2020 have been automatically postponed until July 15, 2020. See Notice 2020-20, which is available [here](#).

What taxes apply?

Under Notice 2020-18, the relief is available only with respect to the following: (i) Federal income tax payments, including payments of tax on self-employment income, and Federal income tax returns due on April 15, 2020 with respect to the 2019 taxable year; (ii) federal estimated income tax payments, including payments of tax on self-employment income, due on April 15, 2020 with the respect to the 2020 taxable year.

Under Notice 2020-20, the relief is limited to gift and GST taxes and returns due April 15, 2020.

Are penalties and interest waived?

On tax payments that have been extended, there will be no penalties and interest imposed on payments made by July 15, 2020. Interest and penalties will begin to accrue on July 16, 2020.

What Taxpayers does this apply to?

With respect to the income tax extensions, the extensions apply to individuals, trusts, estates, partnerships, corporations, and unincorporated entities.

Do the extensions apply to returns or payments due on any other date (e.g., May 15, 2020)?

As of right now, no. The extensions only apply to returns due on April 15, 2020, which means that tax returns and payments due on any other date have not been extended. For example, taxpayers on a fiscal year with a filing deadline of other than April 15, 2020 are generally not benefited by the extension.

If the first quarter Federal estimated income tax payment due April 15, 2020 is extended until July 15, 2020, is the Federal estimated income tax payment due June 15, 2020 also extended?

As of right now, no, the second quarter 2020 Federal estimated income tax payments are still due on June 15, 2020.

Does the extension to pay apply to other federal taxes?

Under the notices discussed above, no. The extensions do not apply to any payment or deposit for any other type of federal tax (e.g., payroll taxes, estate taxes, excise taxes), or the filing of any tax return or information return.

Is there a limit on the amount of taxes that may be postponed?

There is no limit on the amount that may be postponed.

Does the extension impact refunds?

Refunds are not deferred and taxpayers entitled to a refund are encouraged to timely file to claim any refund they may be owed.

Are Taxpayers required to file extensions to take advantage of the Extensions?

No, unless the Taxpayer intends to obtain an extension past July 15, 2020 (*i.e.*, until October 15, 2020).

Do the extensions impact contributions to IRAs and HSAs?

Yes, due to the extensions, the deadline for making a contribution to an IRA (Individual Retirement Account) or HSA (Health Savings Account) for 2019 has also been extended to July 15, 2020.

Where can I find additional information?

The IRS' website is providing updates on tax relief related to COVID-19, which can be found [here](#).

The IRS' website also has a page addressing common questions on the filing and payment extensions, which can be found [here](#).

State***Are state taxing authorities granting the same extensions?***

A state taxing authority may or may not conform to the federal income tax payment and filing extension. However, in many cases, states have followed the federal extensions, and, in some cases, states have provided additional relief.

The AICPA's website provides a chart on extensions granted by states, which can be found [here](#).

Has Ohio extended its income tax filing and payment deadlines?

Yes, Ohio has extended the deadline to file and pay Ohio income taxes until July 15, 2020 pursuant to an Ohio Department of Taxation's release, which can be found [here](#). Ohio will waive penalty and interest on income taxes that are paid by the July 15, 2020 deadline. The extension applies to the Ohio individual income tax, the school district income tax, the pass-through entity tax, and certain taxpayers that pay the municipal net profit tax through Ohio's centralized filing system.

In terms of quarterly estimated income tax payments, Ohio has granted extensions for both the first quarter and second quarter payments, due April 15, 2020 and June 15, 2020, respectively, until July 15, 2020.

Additional information from the Department on the extensions can be found [here](#).

Has Kentucky extended its income tax filing and payment deadlines?

Yes, Kentucky has extended the deadline for 2019 Kentucky income tax returns and payments from April 15, 2020 to July 15, 2020. Additional information can be found in the Kentucky Department of Revenue's release, which can be found [here](#), and [S.B. 150](#).

Local

Have local taxing jurisdictions in Ohio extended income tax payment and filing deadlines?

Generally, yes, due to the income tax extensions at the state level, Ohio municipal income tax payments and filings due April 15, 2020 have also been extended until July 15, 2020 in accordance with ORC § 718.05(G)(1)(a) and the Ohio Department of Taxation's release referenced above (also see Section 28 of H.B. 197). Falling in line with the extensions at the state level, it appears that estimated municipal income taxes due on April 15, 2020 and June

15, 2020 are also extended until July 15, 2020. Taxpayers are encouraged to monitor each local taxing authority's website for additional information.

Interestingly, H.B. 197 (in Section 29) provides that an employer withholding Ohio municipal income taxes from its employee's wages shall continue (for the period of Ohio's state of emergency and 30 days thereafter) to withhold based on the employee's principal place of work even if the employee is working from home due to Ohio's state of emergency.

Have local taxing jurisdictions in Kentucky extended tax payment and filing deadlines?

Pursuant to SB 150, local taxing jurisdictions in Kentucky may extend certain tax filing deadlines. Additional information can be found on the Kentucky Society of Certified Public Accountants' website available [here](#).

For more information, please contact a Graydon attorney, who can assist in pointing you in the right direction.