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IRS Issues Notice 2020-18 Extending Tax Filing Deadlines Until July 15, 2020. State Deadlines Still Uncertain.

On March 18, 2020, the IRS issued Notice 2020-17 which extended required income tax payments for 2019 tax returns and first quarter estimates from the April 15, 2020 deadline to July 15, 2020. This Notice also eliminated any and all interest and penalties associated with the extension of time to pay, stating that interest and penalties would begin to accrue on July 15, 2020. These extensions of time to pay were capped at \$1,000,000 per individual return (whether the taxpayer was single or married filing jointly) and \$10,000,000 for any corporate return including returns for consolidated groups.

The IRS subsequently issued relief to all tax practitioners, individuals and corporations on March 20, 2020 by issuing notice 2020-18 (directly preceded by IRS release 2020-58), suspending all federal income tax filing deadlines and estimated tax payments from April 15, 2020 to July 15, 2020. The 2020-18 Notice also superseded the prior notice by removing the monetary caps of any extension of time to pay individual and corporate income tax returns.

While this is a much-needed reprieve to Individual and Corporate Taxpayers, there are many outstanding items and issues that still need clarification from both the IRS and from the State Governments:

1. While Notice 2020-18 extended time to file and pay income tax returns, it explicitly stated that no extension is provided for payment of any other type of Federal tax or the filing of any Federal information return. This likely excludes the extension of filing any Gift Tax returns or payments of gift tax which are due April 15, 2020. While the form 709 instructions state that “any extension of time granted for filing your federal income tax return will automatically extend the time to file your 2019 federal gift tax return” the IRS has not yet clarified this discrepancy.
2. The IRS has not yet clarified whether filing a form 4868 or form 7004 will extend the deadlines beginning on the April 15, 2020 time to file or the July 15, 2020 time to file.
3. Notice 2020-18 specifically extends tax payments and tax deadlines due April 15, 2020. However, second quarter estimated payments, which are due June 15, 2020, are not addressed in the recent Notice. Additionally, any Corporations or entities on a Fiscal Year filing with deadlines on May 15 or June 15 are currently not extended under the current notice. Lastly, the IRS has not yet addressed the filing deadlines for Not for Profit returns, regularly due May 15, 2020.
4. While all Federal income tax deadlines are extended, the Federal Notice does not mandate state income tax filing and payment extensions. States have continued to vary on their responses to the Federal extension. Some States are enforcing even longer extensions of time to file and pay income tax returns, while others have remained silent on whether they are intending to extend their income tax payment or filing deadlines. While there have been rumors swirling about all States following suit, Illinois Governor Pritzker directly addressed the issue in a recent conference, stating that while Illinois would like to extend their deadlines, there are cash flow logistics and other issues that are also being weighed against the extension.



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Ultimately, this is an unprecedented time with information and new updates circulating by the hour. At the current time, Handler Thayer, LLP recommends all individuals and corporations do the following:

1. Continue to file all individual and corporate extensions by April 15, 2020. This will still extend the tax deadline beyond the July 15, 2020 deadline and individuals can work with their tax preparers to make the necessary payments by July 15, 2020. This will also guarantee extension of filing for any informational returns directly linked to the individual income tax deadline. Be sure to make all necessary payments associated with any gift or GST tax by April 15, 2020.
2. Check with your tax professional on how your state is handling the income tax payments and deadlines. If an Illinois resident, make all state income tax payments and any first quarter Illinois estimated income tax payments by the April 15, 2020 deadline.
3. Continue to review all news sources and ask your Handler Thayer, LLP tax professional for updates on IRS or State taxing agency's press releases.

We also encourage you to read the following articles written by Handler Thayer, LLP attorneys pertaining to COVID-19 legal issues for operating essential and non-essential businesses and information for private employers on mandated paid leave due to COVID-19. Both articles are published on Handler Thayer, LLP's LinkedIn page and website.

[Handlerthayer.com](http://Handlerthayer.com)

Operating an Essential and Non-Essential Business Under the Newly Issued Illinois Executive Order 2020-10 – Steven J. Thayer, J.D., M.B.A., Partner

What Private Employers Need to Know about Mandated Paid Leave Due to Covid-19 – Lacey J. Wentworth, J.D., Corporate Associate Attorney