

IRS Extends Deadline for Tax Payments Due on April 15

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Bessemer's highest priority is the safety and well-being of our clients, employees, and their families as well as the communities where we reside. As we continue to monitor the news flow related to this unfolding pandemic, please know that our client tax services team is available to assist you any way we can.

As always, we will do our best to keep you informed of all pertinent developments, such as this important announcement from the Treasury Department.

Income Tax Filing Obligations for Individuals and Trusts During the COVID-19 Pandemic

The IRS released Notice 2020-17 containing the following important provisions:

- Any person with a federal income tax payment due on April 15, 2020, may postpone payment of up to \$1 million until July 15 without imposition of interest or penalty.
- This applies to 2019 income tax payments due and to 2020 first-quarter estimated tax payments. These amounts are aggregated for purposes of the \$1 million limit.
- Income tax payments due in excess of this aggregated amount must be made by April 15, 2020.
- We believe this will apply to trusts and estates as well.
- Although the payment date has been extended, an extension request will still be required by April 15, 2020, for taxpayers unable to file returns by that date.
- Gift tax payments and estate tax payments will not qualify for the extended payment date.
- We are still waiting for guidance on conformity from state taxing authorities, but we believe most will follow the federal approach.

Example 1

Taxpayer has a \$250,000 balance due on April 15 for 2019 income taxes. She is also required to make a first-quarter 2020 estimated income tax payment of \$75,000 and a gift tax payment of \$100,000.

Since the \$325,000 aggregated amount of income taxes is less than \$1 million, she can defer payment of this amount until July 15, 2020. The gift tax payment of \$100,000 however, must be made by April 15.

Example 2

Taxpayer has a \$900,000 balance due on April 15 for 2019 income taxes. She is also required to make a first-quarter 2020 estimated income tax payment of \$300,000.

Since her aggregated amount due of \$1,200,000 exceeds \$1 million, she must remit a payment of \$200,000 by April 15, 2020. The balance of \$1 million must be paid by July 15, 2020.

Should you have any questions related to tax matters, please don't hesitate to contact your client advisor, who can connect you with a tax consultant. We are available to discuss how this may impact your individual situation.

Bessemer Tax Clients

Your Bessemer tax consultant will be contacting you in the coming days to discuss the best means of forwarding your tax information and how to proceed with your 2019 income tax returns and 2020 quarterly estimates. As always, please don't hesitate to reach out to them at any time.

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