

## Wealth Planning Insights

# IRS Extends Tax Filing Deadline from April 15 to July 15



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**Please note: This communication supersedes our March 19, 2020, *Wealth Planning Insights*, “IRS Extends Deadline for Tax Payments Due on April 15.”**

*Bessemer’s highest priority continues to be the safety and well-being of our clients, employees, and their families and extended communities. 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 clients any way we can.*

*As always, we will do our best to keep you informed of all pertinent developments, such as Friday’s updated announcement from the Treasury Department.*

## Important Update to Treasury Action Extending Filing Due Date for Individuals and Trusts During the Covid-19 Pandemic

In response to feedback on the initial announcement extending the due date for income tax payments — but not for the actual filing of returns and extensions — the IRS released Notice 2020-18, which significantly expands relief for taxpayers.

- The April 15, 2020 due date for filing 2019 federal income tax returns and remitting 2019 federal income tax payments has been automatically postponed to July 15, 2020.
- The April 15, 2020 due date for 2020 first-quarter estimated income tax payments has similarly been extended to July 15, 2020.

- This will apply to individuals, trusts, and estates, but only for income tax filings and payments.
- Gift tax payments and estate tax payments will not qualify for the extended filing and payment date.
- There is no limitation on the amount of payment that may be postponed. Notice 2020-18 supersedes an earlier announcement that had implemented a maximum aggregated payment deferral amount of \$1 million, which no longer applies.
- Notice 2020-18 did not address second-quarter 2020 estimated income tax payments. The due date for these payments remains June 15, 2020. A future change to this due date is certainly possible.
- Most states are announcing conformity with these changes. We will continue to track this closely.
- It is unclear whether the April 15, 2020 due date for 2019 IRA contributions has been similarly extended. We would recommend making contributions by April 15 to play it safe.

**Example 1:** Taxpayer has a \$250,000 balance due on April 15, 2020, 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.

Under this expanded relief, the income tax payments of \$325,000 are now due on July 15, 2020. No extension filing is required on April 15, 2020. However, the gift tax payment of \$100,000 is still due on April 15, 2020, either with the gift tax return or an extension request.

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**Example 2:** Taxpayer has a \$900,000 balance due on April 15, 2020, for 2019 income taxes. She is also required to make a first-quarter 2020 estimated income tax payment of \$300,000.

Under this expanded relief, the full amount of \$1,200,000 is now due on July 15, 2020. No extension filing is required on April 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 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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