

COVID-19 Tax Relief- Tax Filings and Tax Credits

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by Holland & Hart Income Tax Team

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FEDERAL TAX FILING & PAYMENT DEADLINES

C Corporations, Trusts, and Individuals

On March 20, 2020, Secretary Mnuchin announced that Tax Day will be moved from April 15, 2020 to July 15, 2020. In response to this announcement, the IRS has issued Notice 2020-18 formalizing the automatic postponement of the due date for both filing federal income tax returns and making federal income tax payments to July 15, 2020 and addresses some frequently asked questions. The Notice confirms that no extension needs to be filed and there is no limitation on the amount of the payment that may be postponed.

The IRS has established its own resource page and other information to assist taxpayers affected by COVID-19, which can be viewed [here](#).

Partnerships & S Corporations

The filing and payment deadline for partnerships and S Corporations was March 16, 2020. Unfortunately, the relief provided by Notice 2020-17 does not apply to tax payments due March 16, 2020. Partnerships and S Corporations that were not able to file or make payment by the due date may still seek penalty and interest relief based on their specific facts and circumstances.

STATE TAX FILING & PAYMENT DEADLINES

Income Tax

Many states that have an income tax are conforming with the federal extended filing deadline and payment deadline (July 15) for both individual and corporate state income tax filings, including estimated payments. Which means that payments made by July 15, 2020 will not be subject to interest or penalties. In the states where Holland & Hart is located: DC, Colorado, Montana, New Mexico, and Utah have extended to the filing and payment deadline to July 15, 2020; Idaho has extended its filing and payment deadline to June 15, 2020; and Alaska, Nevada, and Wyoming do not have a state income tax.

Other Taxes

Some state and local jurisdictions are moving the remittance and filing deadlines for sale/use taxes (for certain industries), property taxes, and payroll taxes. For example, DC is waiving interest and late penalties for remittance of February and March sales and use taxes provided tax is paid by July 20, 2020 sales and use tax and property deadlines for most businesses. We are continuing to monitor further developments in our footprint.

EMERGENCY PAYROLL AND SELF-EMPLOYMENT TAX CREDITS

Employer Tax Credits for Emergency Paid Sick Leave and Expanded Family & Medical Leave

On March 18, 2020, President Trump signed H.R. 6201, Families First Coronavirus Response Act, which had been passed by the US Senate earlier that day and by the US House of Representatives with technical corrections on March 16.

The legislation requires employers to provide emergency paid sick leave and temporarily expands paid family and medical leave. To ease some of the financial burden to employers, the legislation provides refundable tax credits for employers required to provide emergency sick leave and expanded family leave.

The legislation provides quarterly employer payroll tax credits of up to \$511 per day for an employee taking emergency sick leave for themselves and up to \$200 per day for employees taking leave to care for their children or other family members. For employees taking expanded family leave, the bill provides for a credit of \$200 per day per employee taking expanded family leave benefits, subject to a total cap of \$10,000 per employee.

Self-Employment Tax Credit

The Act provides a similar refundable credit against self-employment tax. The credit would cover 100% of a self-employed person's sick-leave equivalent or 67% if that person is taking care of a child or family member.

See more information about the emergency leave requirements and payroll tax credits in the "Emergency Relief Legislation" tab under the Employment Law Considerations section of our Resource Site.

FEDERAL EMERGENCY TAX RELIEF

Given the disruption in the economy, a \$2 trillion stimulus package was enacted on March 27, 2020 provides loans to affected businesses and industries, extends the payment deadlines for employer payroll tax, and temporarily lifts net operating loss carryforward limitations and interest expense deductions. More information can be found in the "CARES Act" tab under the Protecting Your Business section of our Resource Site.

We encourage you to visit Holland & Hart's Coronavirus Resource Site, a consolidated informational resource offering practical guidelines and proactive solutions to help companies protect their business interests and their workforce. The dynamic Resource Site is regularly refreshed with new topics and updates as the COVID-19 outbreak and the legal and regulatory responses continue to evolve. Sign up to receive updates and for upcoming webinars.

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