



## News & Publications

### The U.S. Treasury and the California Franchise Tax Board Delay Tax Deadlines

3.17.20 | Client Alert

#### The U.S. Treasury and the California Franchise Tax Board Delay Tax Deadlines

**March 17, 2020**

In response to the COVID-19 outbreak, Federal and California taxing authorities are taking action to put liquidity into the economy as individuals and businesses face the usual payment deadlines.

On March 17, 2020, Treasury Secretary Steven Mnuchin announced that taxpayers will be given a 90-day extension to make payments to the Internal Revenue Service that would otherwise be due on April 15, 2020. Under this program, individual taxpayers can defer payments up to \$1 million and corporations can defer payments up to \$10 million. Any interest and penalties that would otherwise apply to late payments will be waived during this 90-day period.

While the full details of this deferral program have not been released, it appears that the 90-day extension only relates to tax payments, and not to the 2019 return-filing obligation itself. Consequently, at least as of the morning of March 17, it appears that taxpayers wishing to defer filing their 2019 personal income return beyond April 15 will still have to file a Form 4868 to seek an extension.

In California, the Franchise Tax Board announced on March 13, 2020, that it would provide special tax relief for California taxpayers affected by the COVID-19 pandemic. For these taxpayers, the various state tax filing and payment deadlines would be extended to June 15, 2020. This includes:

#### Related Professionals

Laura L. Cable

Alfred F. DeLeo



- Partnerships and LLCs that are taxed as partnerships whose tax returns are due on March 15 now have a 90-day extension to file and pay by June 15.
- Individual filers whose tax returns are due on April 15 now have a 60-day extension to file and pay by June 15.
- Quarterly estimated tax payments due on April 15 now have a 60-day extension to pay by June 15.

It is unclear at this time which California taxpayers are considered “affected taxpayers” eligible for the above-listed extensions. In his Executive Order authorizing the Franchise Tax Board’s action, Governor Gavin Newsom provided that this deferral program is intended to apply to “individuals or businesses that are unable to file a timely tax return or make a timely payment as a result of complying with a state or local public health official’s imposition or recommendation of social distancing measures related to COVID-19.” However, it is unclear whether a taxpayer will have to demonstrate that it is an “affected taxpayer” in order to take advantage of the tax filing and payment extensions, and if so, how such a showing is to be made.

We will keep you updated as information becomes available regarding these deferral programs. In the meantime, please do not hesitate to reach out if you have specific questions or concerns.