



March 18, 2020

Dear Clients, Friends and Colleagues,

The idea of a tax extension for the 2019 tax filing season has now been confirmed by Treasury Secretary Steven Mnuchin. In light of this, and in typical government fashion, there is some confusion on what this actually means. In reviewing the transcripts from the Treasury Secretary and the information presented by the IRS, **we understand this be a payment extension and not a filing extension.** Taxpayers and businesses will have until July 15, 2020 to pay their taxes this year, but the filing deadline is still April 15, for now. In light of the countrywide disruption, we are disappointed that the Treasury did not automatically extend the deadline as first presented.

- Taxpayers and small businesses that traditionally face an April 15 tax deadline will be allowed more time to pay their taxes due, until the new deadline of July 15, 2020, with no penalties or interest charges. All individual U.S. taxpayers qualify for this extension.
- This payment extension only applies to taxpayers owing up to \$1 million in taxes for personal and up to \$10 million for corporate filers.
- It is our understanding that if you do not file or file an extension by April 15<sup>th</sup>, you may still be subject to a late filing penalty. Traditionally an extension was an extension of time to file but your taxes still had to be paid by April 15<sup>th</sup>. Under this direction, we will be able to file an extension and not have any payment due until July 15<sup>th</sup>. This will take some of the burden off of filing season as extension can be done electronically without regard to payment calculations.
- Maryland has also extended this deadline to July 15<sup>th</sup>. Most other states have followed as well, but each state is different. We recommend you speak with us individually to see what your state will follow.

While this extension gives relief for all of those impacted by the coronavirus, we still recommend to get your tax documents together and send them in as you would before. While this scenario is not totally what we hoped for, it will allow us to work around the nationwide changes and disruptions we all face. This will not affect refunds due and the change will have no effect on the millions of Americans who have already filed their taxes this year.

We understand that information is coming out hourly and we will do our best to keep you up to date on any of these changes. As always, if you have any questions please contact us directly – 410.975.5565.

Thank you,

NP Team