

Memorandum

White House Announces Tax Payment Deferral Due to Coronavirus Concerns

March 18, 2020

Today, the Internal Revenue Service (“IRS”) released Notice 2020-17 which extends the deadline for payments of federal income taxes for the 2019 taxable year as well as any estimated income tax payments for the 2020 taxable year due on April 15, 2020. The Notice, made as part of a White House’s response to the ongoing coronavirus disease 2019 pandemic, makes clear that applicable tax return filing deadlines remain the same, but certain payments required in connection with those filings can be deferred up to 90 days.

Tax Payment Deferral

The details of Treasury Secretary Mnuchin’s announcement are as follows:

- The tax filing deadline of April 15th for individuals currently remains the same.
- The IRS will waive interest and penalties for payments owed for 90 days, until July 15, 2020. This waiver only occurs if taxpayers file their tax returns by the April 15th deadline, or by the applicable extension if one is requested.
- Starting on July 16, 2020, interest and penalties on income taxes not yet paid will begin to accrue.
- For corporations, the waiver is in effect on payments for taxes owed up to \$10 million.
- For all other taxpayers, the waiver is in effect on payments for taxes owed up to \$1 million.

These changes do not apply to state filings or payments unless a taxpayer’s state independently implements similar changes.

For further information regarding this memorandum, please contact one of the following members of our Tax Department:

NEW YORK CITY

John J. Creed
+1-212-455-3485
jcreed@stblaw.com

Marcy G. Geller
+1-212-455-3543
mgeller@stblaw.com

Jonathan Goldstein
+1-212-455-2048
jgoldstein@stblaw.com

Nancy L. Mehlman
+1-212-455-2328
nmehlman@stblaw.com

Andrew B. Purcell
+1-212-455-3064
apurcell@stblaw.com

PALO ALTO

Katharine P. Moir
+1-650-251-5035
kmoir@stblaw.com

The contents of this publication are for informational purposes only. Neither this publication nor the lawyers who authored it are rendering legal or other professional advice or opinions on specific facts or matters, nor does the distribution of this publication to any person constitute the establishment of an attorney-client relationship. Simpson Thacher & Bartlett LLP assumes no liability in connection with the use of this publication. Please contact your relationship partner if we can be of assistance regarding these important developments. The names and office locations of all of our partners, as well as our recent memoranda, can be obtained from our website, www.simpsonthacher.com.