



## **AICPA Tax Filing FAQs**

(updated on April 8, 2020)

*Taxpayers and CPAs across the country are faced with unprecedented challenges this filing season in light of the COVID-19 pandemic and related closures and shelter-in-place orders. Based on member feedback, the AICPA has identified seven key areas in need of immediate relief and provided the latest developments (below) to the 20 most frequently asked questions on tax filing and payment relief.*

### **Correspondence**

**Q1: Due to office shutdowns in major cities, taxpayers and tax preparers may not timely receive or respond to IRS communications/notices that are sent by mail. Will the IRS provide any relief for late responses due to COVID-19?**

A1: Unfortunately, the IRS has not expressly announced any relief for affected taxpayers in regards to correspondence. AICPA will continue to urge Treasury and IRS to provide [generous and automatic relief](#) for issues related to administrative actions such as expiring statutes of limitations, the processing of correspondence and other actions not already covered by previous relief related to COVID-19.

### **Emergency Declaration**

**Q2: If the United States has been declared a disaster area by the President, why is section 7508A relief not granted?**

A2: Good point. Typically, when the President invokes the Robert T. Stafford Disaster Relief and Emergency Assistance Act, taxpayers are granted broad payment and filing relief under section 7508A. However, the IRS's approach to COVID-19 has not been consistent with how the agency treated tax payment and filing deadlines over the last several years following a federally-declared disaster.

The AICPA continues to [advocate](#) the need for comprehensive relief with Treasury and IRS officials. This is a priority for our members.

### **E-Signatures**

**Q3: Has the IRS provided e-signature authorization on all forms (such as, Form 8879) to allow e-filing without needing to meet with the taxpayer in person?**

A3: On March 27, the IRS issued a memorandum saying they would temporarily accept digital signatures on certain documents to protect their employees. However, it is unclear whether this relief also applies to Form 8879, which would allow millions of taxpayers to e-file their returns.

The AICPA contacted Treasury and IRS several times [urging](#) them to confirm that the recent changes to their e-mail and digital signatures policy apply broadly to all types of returns and forms. It is important for the IRS to take whatever measures are possible to allow taxpayers and their preparers to utilize technology, such as e-signatures, to keep a safe distance from others during the pandemic.

(Unofficially, IRS has told us that we should assume the new policy only applies to the specific collection forms listed in their memorandum. This response is unacceptable given the impact of COVID-19 on the entire Country.)

## Estates

**Q4: Has IRS announced filing or payment relief for Form 706? How can IRS expect taxpayers and practitioners to file estate tax returns (which are paper) when offices are under mandatory shut down?**

A4: [Notice 2020-20](#) and IRS [FAQ #7](#) only offer relief for gift taxes and the GST tax.

The AICPA has continued to discuss the impractical nature of filing and paying estate taxes on Form 706 in the current environment with Treasury and IRS. We are expecting further guidance and relief in this area.

## Estimated Tax Payments

**Q5: Was relief for estimated tax payments limited to individuals and corporations (or does it also apply to estates, trusts, S corporations and other entities)?**

A5: [Notice 2020-18](#) provides relief to any taxpayer defined as a “person,” which also included estates, trusts, S corporations and other entities. However, relief has only been granted for estimated tax payments with an April 15 due date, and not on any other date. IRS [FAQ #1](#) confirms that estimated payments on any other date is not deferred.

The AICPA has [repeatedly requested](#) that IRS and Treasury grant relief to tax payments that occur on other than April 15.

**Q6: How will IRS treat 2019 overpayments and excess Q1 payments?**

A6: The IRS has not provided definitive guidance. It is reasonable that 2019 overpayments and excess Q1 payments would be credited to the next payment due. We expect additional FAQs to be issued soon to address this concern.

**Q7: Has the IRS indicated whether they are considering relief for Q2, Q3 and Q4?**

A7: The IRS has not officially provided relief for any payments other than Q1. The AICPA has advocated for Q2 relief and urged Treasury and the IRS to develop a contingency plan for deadlines occurring after July 15.

## **Extensions**

**Q8: Given that the IRS has not provided filing/payment extensions to many types of returns and the extreme difficulty of some taxpayers to meet their filing deadlines, is a zero-extension valid?**

A8: Currently, the IRS has not provided a response to our question regarding the validity of zero-extensions. This is a high priority issue for us as many members are asking this question.

We think that Treasury and the IRS should offer [generous and automatic relief](#) for other issues related to administrative actions such as expiring statutes of limitations, the processing of correspondence, and other actions not already covered by previous relief related to COVID-19.

## **Fiscal Year Entities**

**Q9: Has IRS provided relief for partnership and corporation filings for fiscal year filers with the year ending January 31, 2020?**

A9: [Notice 2020-18](#) only granted filing and payment relief if the fiscal year filer had a payment or return due date of April 15 (regardless of extension). IRS [FAQ #1](#) and [FAQ #5](#) confirm. We recognize that this approach is inconsistent with how tax deadlines have been dealt with in the past in a disaster zone.

The AICPA continues to urge Treasury and IRS to [grant broad relief](#) for all taxpayers with a payment or return due date between March 3 and July 15.

## **IRAs/Retirement Plans**

**Q10: The CARES Act suspended required minimum distributions (RMDs) for 2020. What if individuals already took their RMD for 2020? Are they permitted to contribute the amount back into their IRA?**

A10: If an individual already took out their RMD for 2020, there is an opportunity to recontribute it as a rollover if it is recontributed within the 60-day rollover period. The AICPA supports broader relief for those individuals who are outside the 60-day window.

## Gift & GST Tax

**Q11: Has IRS provided filing or payment relief for Form 709? If yes, does the relief extend to GST elections on the return?**

A11: [Notice 2020-20](#) extended filing and payment for Form 709 to July 15 and we think that if the GST election out of automatic allocation is on a timely filed gift tax return, including on a Form 709 filed by the postponed 7/15 deadline, the IRS should treat the election as valid. However, [Notice 2020-20](#) did not specifically address elections.

The AICPA continues to [discuss](#) the need for comprehensive relief (including elections) with Treasury and IRS officials.

## IRS Closures

**Q12: With the IRS shutting down many critical services, like that PPS line and various help desks, how are tax preparers expected to resolve issues that only the IRS can resolve?**

A12: We understand that the IRS is dealing with an unpredictable crisis and they must do what they can to keep their employees safe. However, these shutdowns will not permit taxpayers and their advisors to get the help they need to file their returns.

The AICPA continues to [advocate](#) the need for comprehensive relief with Treasury and IRS officials given the evolving nature of the COVID-19 pandemic.

## Non-Income Tax Payments

**Q13: Has the IRS granted any relief for non-income tax payments, such as payroll or excise tax deposits?**

A13: Currently, there's no relief for non-income tax payments under recently-issued IRS guidance (except for gift tax and GST tax in [Notice 2020-20](#)). This approach is entirely inconsistent with how the IRS has treated tax payment and filing deadlines over the last several years following a federally-declared disaster.

The AICPA continues to discuss the need for comprehensive relief (including the need to delay non-income tax payments) with Treasury and IRS officials, and Congress did provide some [payroll tax relief](#) in the [FFCRA and CARES](#).

## Related Forms/Elections

### **Q14: Has the IRS provided any relief for information reporting forms (such as Form 3520 and Form 5471)?**

A14: [Notice 2018-18](#) does not provide relief for information reporting forms.

According to the AICPA, this approach is unacceptable given the unprecedented challenges facing taxpayers and tax preparers during the COVID-19 pandemic.

Mike Desmond, IRS Chief Counsel, has [stated](#) that “We have received hundreds of additional comments in terms of time-sensitive dates in the internal revenue laws that are not covered by that April 15 payment and filing deadline extension. Those are all being triaged here, and we’re considering all of them.” The AICPA continues to [discuss](#) the need for comprehensive relief (including information reporting forms) with Treasury and IRS officials, and is optimistic that information returns will receive needed relief.

### **Q15: Has the IRS provided any relief for related information returns that are filed with a return that was granted an automatic extension (such as Form 1040)?**

A15: [Notice 2018-18](#) does not provide relief for information returns. IRS [FAQ #10](#) specifically states that relief only applies to the filing of Federal income tax returns due April 15, 2020. However, the IRS did grant an extension of time to file to [FATCA information returns](#). The guidance does not specifically grant relief to FBAR filings; however, an [automatic extension](#) is available without the need to file a form.

According to the AICPA, this approach is unacceptable given the unprecedented challenges facing taxpayers and tax preparers during the COVID-19 pandemic. We continue to [discuss](#) the need for comprehensive relief (including information returns) with Treasury and IRS officials.

### **Q16: Does the postponement of the 4/15 deadline apply to “timely elections”?**

A16: [Notice 2018-18](#) does not provide relief for timely elections.

According to the AICPA, this approach is unacceptable given the unprecedented challenges facing taxpayers and tax preparers during the COVID-19 pandemic.

Mike Desmond, IRS Chief Counsel, has [stated](#) that “We have received hundreds of additional comments in terms of time-sensitive dates in the internal revenue laws that are not covered by that April 15 payment and filing deadline extension. Those are all being triaged here, and we’re considering all of them.” The AICPA continues to [discuss](#) the need for comprehensive relief (including elections) with Treasury and IRS officials, and is optimistic that elections will receive needed relief.

**Q17: Has an extension of time been granted to file or revoke certain business elections (such as, method of accounting changes or S corporation elections)?**

A17: [Notice 2018-18](#) does not provide relief for filing or revoking business elections.

According to the AICPA, this approach is unacceptable given the unprecedented challenges facing taxpayers and tax preparers during the COVID-19 pandemic.

Mike Desmond, IRS Chief Counsel, has [stated](#) that “the IRS is considering the best way that can be done and is aware taxpayers need guidance soon.” The AICPA continues to [discuss](#) the need for comprehensive relief (including business election) with Treasury and IRS officials, and is optimistic that business elections will receive needed relief.

### **State Filing and Payment Relief**

**Q18: How do I know if a state has provided any filing or payment relief? Are most states following federal relief?**

A18: The AICPA developed a [state filing relief chart](#) that is timely updated to track state developments, guidance releases, and summaries. Most states are following federal relief measures, but it is important to check state specifics when filing.

### **Tax-Exempt Organizations**

**Q19: Has IRS provided filing or payment relief for the Form 990 series returns?**

A19: Currently, there is no relief for filing or payments related to Form 990 series. Similar to other relief measures that do not fall on April 15, the AICPA continues to [discuss and urge](#) Treasury and IRS to follow normal disaster-guidance procedures, and offer broad relief. We expect additional relief measures and FAQs soon.

### **U.S. Citizens Residing Abroad**

**Q20: Has IRS provided filing or payment relief for citizens living abroad (or is their return still due June 15<sup>th</sup>)?**

A20: The current guidance and accompanying FAQs do not specifically address this situation – and the AICPA believes that relief has *not* been provided.

We have asked for [additional clarification](#), and expect additional FAQs to hopefully address more issues that practitioners are encountering.