



For additional resources, please visit the [Ropes & Gray Coronavirus Resource Center](#), with up-to-date insights on best practices, legal considerations, and maintaining the health and safety of employees.

April 23, 2021

COURTS		
<b>US TAX COURT</b>	<b>Website</b>	<a href="https://www.ustaxcourt.gov/">https://www.ustaxcourt.gov/</a>
	<b>Logistics</b>	<ul style="list-style-type: none"> <li>• Remote Proceedings:                             <ul style="list-style-type: none"> <li>○ In a <a href="#">Press Release</a> on May 29, 2020, the Tax Court announced that, as of September 14, 2020 and until further notice, proceedings will be conducted entirely remotely</li> <li>○ The Tax Court also issued <a href="#">Administrative Order 2020-02</a> governing remote court proceedings. These guidelines became effective immediately and do not contain a sunset date. They provide that trials will be conducted either via telephone or video, as specified within the notice setting a case for trial. Parties are responsible for ensuring—to the best of their abilities—that they and their witnesses are able to participate in the remote proceedings. The orders likewise adjusted pre-trial filing deadlines.</li> <li>○ <a href="#">Administrative Order 2020-03</a> provides additional guidance on limited entry of appearance procedures. On October 6, 2020, the Tax Court adopted <a href="#">amendments</a> to Rules 21, 24, 260, 261, and 262. Certain of these modifications relate to COVID-19 procedures allowing limited appearances by attorneys during trials.</li> <li>○ In a <a href="#">Press Release</a> issued on August 6, 2020, the Tax Court provided additional guidance on remote procedures, including electronically filed stipulated decisions bearing digital image signatures, subpoenas, and limited entries of appearance.</li> <li>○ On December 10, 2020, the Tax Court <a href="#">issued guidance</a> on procedures related to subpoenas for remote proceedings. For a witness to appear at the remote proceedings, the subpoena must list the trial session’s Zoomgov information as the trial’s location. Procedures require a motion to be filed no later than 45 days before trial for the subpoena of documents from a third party. A hearing on the motion will occur around two weeks before the trial is set to begin. If the case is already set for hearing on a date before the first day of the trial session, the litigant does not need to file such motion and may issue subpoenas for documents following the outlined procedures. Documents are to be provided in PDF format.</li> </ul> </li> </ul>

## COURTS

- Building Closure: The Tax Court building remains closed to visitors but is receiving and processing mail and deliveries. Documents for hand delivery may be deposited in a drop box at the building's entrance.
- New Docketing System (DAWSON): The Tax Court launched a new case management system on December 28, 2020.
  - [CC-2021-002](#): Guidance issued to Chief Counsel attorneys and support staff to navigate the U.S. Tax Court's ongoing transition from the current eAccess case management system to its new DAWSON case management system.
  - As of January 11, 2021, DAWSON will now release daily orders along with its opinions.
- Virtual Settlement Programs:
  - [IR-2020-112](#): On June 4, 2020, the IRS announced that the IRS Office of Chief Counsel was expanding its Virtual Settlement Days program. As the news release explains, Settlement Days events are coordinated efforts to resolve cases in the U.S. Tax Court by offering taxpayers not represented by counsel an opportunity to obtain free tax advice from Low Income Taxpayer Clinics, American Bar Association volunteer attorneys and other pro bono organizations.
  - [IR-2021-61](#): The IRS declared March 2021 as National Settlement Month in an effort to reach more taxpayers through virtual settlement day events. Virtual Settlement Day (VSD) events will be conducted by every Chief Counsel office across the country and will serve taxpayers in all 50 states and the District of Columbia. Settlement Day events are coordinated efforts to resolve cases in the United States Tax Court by providing taxpayers who are not represented by counsel with the opportunity to receive free tax advice from Low Income Taxpayer Clinics (LITCs), American Bar Association (ABA) volunteer attorneys and other pro bono organizations.
  - [IR-2021-93](#): On April 26, 2021, the IRS announced the results of its first National Settlement Month, occurring in March 2021. During that month, Virtual Settlement Days were held in all 50 states and the District of Columbia. 240 taxpayers participated, and 148 settlements were reached.

FEDERAL

LEGISLATIVE PHASES	Phase 1	<a href="#">H.R. 6074 Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020</a> : \$8.3 billion of appropriations toward vaccine development and prevention efforts.
	Phase 2	<p><a href="#">H.R. 6201 Families First Coronavirus Response Act</a>:</p> <p>On March 18, 2020, Senate passed revised House Bill without Amendment and President signed into law. In Division G, includes tax credits to reimburse employers for paid sick and paid Family and Medical Leave Act, up to a certain cap. See <a href="#">Ropes &amp; Gray Alert on House Bill</a>, <a href="#">Ropes &amp; Gray Alert on Final Bill</a>.</p> <ul style="list-style-type: none"> <li>• Sec. 7001: Payroll Credit for Required Paid Sick Leave – Refundable tax credit for qualified paid sick leave.</li> <li>• Sec. 7002: Credit for Sick Leave for Certain Self-Employed Individuals – Refundable credit for qualified sick leave equivalent for certain self-employed individuals.</li> <li>• Sec. 7003: Payroll Credit for Required Paid Family Leave – Refundable credit for qualified family sick leave paid for each calendar quarter.</li> <li>• Sec. 7004: Credit for Family leave for Certain Self-Employed Individuals – Refundable credits for qualified family leave equivalent for certain self-employed individuals.</li> <li>• Sec. 7005: Special Rule Related to Tax on Employers – Wages required to be paid by reason of EPSLA and EFMLEA will not be considered wages under Sec. 3111(a) or compensation under Sec. 3231(a).</li> <li>• Secs. 7001–7004 are set to expire March 31, 2021.</li> </ul> <p>See U.S. Department of Labor <a href="#">Questions and Answers on Families First Coronavirus Response Act</a>.</p>
	Phase 3	<p><a href="#">Coronavirus Aid, Relief, and Economic Security Act (CARES Act)</a>: Signed by the President on March 27, 2020. Implements several individual and business tax provisions, intended to provide relief to impacted businesses and individuals and to encourage retention of employees. Several key tax provisions are discussed below. See Ropes &amp; Gray Alerts on <a href="#">tax provisions</a> and <a href="#">all provisions</a>.</p> <ul style="list-style-type: none"> <li>• <b>Individual Rebates</b>: Authorizes a refund of tax for an eligible individual to the lesser of tax reflected on an individual’s tax return or \$1,200 per individual (\$2,400 for joint return), but not less than \$600 per individual (\$1,200 for joint return). Taxpayers will receive an additional \$500 per qualified child.</li> <li>• <b>NOL Changes</b>: A net operating loss (NOL) arising in a taxable year beginning after December 31, 2017, and before January 1, 2020, generally can be <u>carried back</u> five years preceding the taxable year of such loss. In addition, the effective date of the “80% NOL limitation” rule enacted in December 2017 is changed to be effective for tax years beginning after December 31, 2020.</li> <li>• <b>Business Interest Expense Deductions</b>: Business interest expense deductions can be taken for up to 50% of business income (up from 30%) for 2019 and 2020. For 2020, the business can elect to use 2019 income to determine the limitation amount.</li> </ul>

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	<p><b>Phase 4</b></p>	<p><a href="#">Consolidated Appropriations Act, 2021 (CAA)</a>: Signed by the President on December 30, 2020. Implements several individual and business tax provisions, intended to provide relief to impacted businesses and individuals and to encourage retention of employees. Several key tax provisions are discussed below. <i>See</i> Ropes &amp; Gray Alerts on <a href="#">tax provisions</a> and <a href="#">all provisions</a>.</p> <ul style="list-style-type: none"> <li>• <b>Individual Rebates</b>: Gives a second round of recovery rebates/economic impact payments for individuals in the amount of \$600 (\$1,200 for joint filers), plus an additional \$600 per qualifying child.</li> <li>• <b>Employee Retention Credit (ERC)</b>: Create a new, more taxpayer-friendly ERC that applies after December 31, 2020 through July 1, 2021. This new ERC is increased (as compared to the CARES Act) by (i) changing the percentage of the credit to 70% of qualified wages (from 50%) and (ii) changing the amount of qualified wages to \$10,000 per employee per quarter (from \$10,000 per employee for all quarters).</li> <li>• <b>Deferment of Certain Payroll Taxes</b>: Codifies the Presidential Memorandum and pushes back the date of payment of deferred taxes (under the Presidential Memorandum) until the eight-month period beginning May 1, 2021 and ending December 31, 2021. This deferred payment period is now eight months, instead of the previous four months, allowing the deferred taxes to be withheld and deposited over a longer time period.</li> <li>• <b>PPP Updates</b>: Creates a second round of PPP, amends the CARES Act to provide that wages taken into account for the CARES Act ERC and new ERC are not taken into account; ensures no amount will be included in gross income by reason of forgiveness of the PPP loan (overriding prior IRS guidance).</li> </ul>
	<p><b>Phase 5</b></p>	<p><a href="#">American Rescue Plan Act of 2021 (ARPA)</a>: Signed into law by the President on March 11, 2021. Implements several individual and business tax provisions, intended to provide relief to impacted businesses and individuals and to encourage retention of employees. Several key tax provisions are discussed below. <i>See</i> Ropes &amp; Gray Alert on <a href="#">tax provisions</a>.</p> <ul style="list-style-type: none"> <li>• <b>Individual Rebates</b>: Gives a third round of recovery rebates/economic impact payments for eligible individuals in the amount of \$1,400 (\$2,800 for joint filers), plus \$1,400 per qualifying dependent.</li> <li>• <b>Employee Retention Credit (ERC)</b>: Creates a new, more taxpayer-friendly ERC that applies after June 30, 2021 through December 31, 2021. The new ERC extends the existing CAA ERC (previously set to expire July 1, 2021), extends eligibility to “recovery startup businesses,” and expands the available credit for severely financially distressed employers with more than 500 employees.</li> <li>• <b>Unemployment Benefits</b>: Excludes from a taxpayer’s adjusted gross income the first \$10,200 in unemployment benefits received in 2020 only for taxpayers making less than \$150,000 per year (\$20,400 for joint fillers whose gross income is less than \$150,000 combined).</li> <li>• <b>Repeal of Worldwide Interest Allocation Election</b>: Repeals the worldwide interest allocation election, which was previously set to begin in 2021. Congress has delayed use of the worldwide interest allocation election since its creation in 2004.</li> </ul>

## FEDERAL

	<b>EXECUTIVE ACTION</b>	The <a href="#">Memorandum on Payroll Tax Obligations in Light of Ongoing COVID-19 Disaster</a> directed the Secretary of the Treasury to defer the withholding, deposit, and payment of payroll taxes through December 31, 2020. Phase 4/CAA codified this executive order.
<b>TREASURY</b>	<b>TREASURY WEBSITES</b>	Coronavirus: <a href="https://home.treasury.gov/coronavirus">https://home.treasury.gov/coronavirus</a> Secretary of the Treasury Statements: <a href="https://home.treasury.gov/news/press-releases/statements-remarks/secretary">https://home.treasury.gov/news/press-releases/statements-remarks/secretary</a>

## FEDERAL—IRS

<b>IRS WEBSITE</b>	<a href="https://www.irs.gov/coronavirus">https://www.irs.gov/coronavirus</a>
<b>IRS PRIMARY GUIDANCE ON PHASE 2, PHASE 3, &amp; EXECUTIVE ACTION</b> (arranged first topically, and then by announcement type)	
<b>IRS PRIMARY GUIDANCE:</b>  <b>EMPLOYER TAX CREDITS</b>	<p>Taken as a whole, guidance makes two points clear:</p> <ol style="list-style-type: none"> <li>Employers eligible for tax credits under the FFCRA (Phase 2) and the CARES Act (Phase 3) may — instead of paying these amounts to IRS — retain both (i) withheld federal <b>income</b> tax and (ii) Social Security and Medicare taxes (both employee and employer share).</li> <li>If available tax credits exceed retained amounts, eligible employers would then file Form 7200 for advance payment of tax credits.</li> </ol> <p>See <a href="#">Ropes &amp; Gray April 1, 2020 Alert</a>; see also <a href="#">Ropes &amp; Gray July 17, 2020 Alert</a>.</p> <p><u>Regulations:</u></p> <ul style="list-style-type: none"> <li>The IRS issued <a href="#">Temporary Regulations</a> and <a href="#">Proposed Regulations</a> that address the reconciliation of advance payments of refundable employment tax credits and recapture the benefit of such credits when necessary. The regulations authorize the assessment of erroneous refunds of the credits paid under the FFCRA and CARES Act. See <a href="#">IR-2020-169</a>.</li> </ul> <p><u>Notices:</u></p> <ul style="list-style-type: none"> <li><a href="#">Notice 2020-22</a>: Relief from Penalty for Failure to Deposit Employment Taxes.</li> <li><a href="#">Notice 2021-20</a>: Guidance on the ERC under Section 2301 of the CARES Act. This notice (i) provides guidance on ERC for qualified wages paid after March 12, 2020 and before January 1, 2021, and (ii) clarifies that business which received a PPP loan in 2020, and whose loan was forgiven, can still claim the ERC. The IRS plans to issue additional guidance for business receiving new PPP loans made available in 2021. See <a href="#">Notice 2021-23</a> for guidance on ERC for qualified wages paid after December 31, 2020 and before July 1, 2020.</li> <li><a href="#">Notice 2021-24</a>: Extends the period for relief from penalty for failure to remit employment taxes that would be offset by certain credits (e.g., certain paid sick and family leave credits, employee retention credits, COBRA continuation coverage premium assistance credit). This extension is in addition to the extension provided for in Notice 2020-22.</li> </ul> <p><u>FAQs:</u></p> <ul style="list-style-type: none"> <li>FAQs about <a href="#">COVID-19-Related Tax Credits for Required Paid Leave Provided by Small and Midsize Businesses</a>, (page last reviewed or updated by the IRS on March 12, 2021): Recent update notes that these FAQs currently do not reflect the changes made by the American Rescue Plan Act (which amended and extended the tax credits (and the availability of advance payments of tax credits) for paid sick and family leave for wages</li> </ul>

## FEDERAL—IRS

paid with respect to the period beginning April 1, 2021, and ending on September 30, 2021).

- FAQs about [Payroll Support for Air Carriers and Contractors Under CARES Act](#) (page last reviewed or updated by the IRS on March 29, 2021)
- FAQs about [Deferral of Employment Tax Deposits and Payments through December 31, 2020](#) (page last reviewed or updated by the IRS on November 27, 2020).

### Forms:

- [Form 941](#), Employer's Quarterly Federal Tax Return. Allows for reporting employment taxes beginning with third quarter of 2020.
- [Form 944](#), Employer's Annual Federal Tax Return: Reflects employment tax credits and other tax relief related to COVID-19. Allows for the reporting of the credits for qualified sick and family leave wages and for employee retention as well as elections to defer deposit of the employer/employee share of social security tax and the withholding and payment of the employee share thereof. The [Instructions](#) also include notice that the above credits are calculated on Worksheet 1 and that filing addresses have changed for some employers. On applicable wages, the social security tax rate is 6.2% for each the employer and the employee (12.4% combined), with a wage base limit of \$137,700. The Medicare tax rate is unchanged at 1.45% for each.
- [Form 2555](#), Foreign Earned Income: [2020 Instructions](#) note that to request the waiver cited in Rev. Proc. 2020-27, the taxpayer should write "Revenue Procedure 2020-27" across the top margin of Form 2555.
  - In [Rev. Proc. 2020-27](#), IRS provides a waiver of the time requirements of Code section 911(d)(1) for any individual who reasonably expected to meet the eligibility requirements during 2019 or 2020, but failed to meet the requirements because the individual departed a foreign country on or after a certain date due to the COVID-19 emergency. Thus, an individual who left China on or after December 1, 2019, or another foreign country on or after February 1, 2020, but on or before July 15, 2020, will be treated as a qualified individual with respect to the period during which that individual was present in, or was a bona fide resident of, that foreign country if the individual establishes a reasonable expectation that he or she would have met the requirements of Code Section 911(d)(1) but for the COVID-19 Emergency.
- [Form 7200](#), Advance Payment of Employer Credits Due to COVID-19.
- [Form 7202](#), Credits for Sick Leave and Family Leave for Certain Self-Employed Individuals.
- [Form 8994](#), Employer Credit for Paid Family and Medical Leave. Instructions state that wages used to determine a Covid-19-related employment credits taken on Form 941 cannot be used to figure a credit on Form 8994.

### Press Releases:

- [IR-2020-57](#): Press release on implementation of paid sick and family leave and associated tax credits, and employee retention tax credits.
- [IR-2020-62](#): Discusses basic eligibility requirements for the Employee Retention Credit.
- [IR-2020-158](#): On July 15, the IRS announced that it had started sending letters to taxpayers experiencing a delay in processing their Form 7200. The letter would explain the basis for the rejection or provide the new payment amount in case the amount is adjusted.

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### Internal Revenue Manual Procedural Update:

- According to an [IRM update](#), taxpayers in bankruptcy may defer taxes pursuant to Section 2302 of the CARES Act. The full amount owed for the tax period must be included in the proof of claim.

### Taxpayer Tools:

- The Taxpayer Advocate Service released a [COVID-19 Business Tax Relief Tool](#) designed to assist businesses in determining which types of federal relief they may qualify for.

### Covid-19 Vaccination Leave Credit:

- Eligible employers, such as businesses and tax-exempt organizations with fewer than 500 employees and certain governmental employers, can receive a tax credit for providing paid time off for each employee receiving the vaccine and for any time needed to recover from the vaccine. This tax credit is available to eligible employers that pay sick and family leave from April 1, 2021 through September 30, 2021. [Small and Midsize Businesses FAQs](#).

## IRS PRIMARY GUIDANCE: NOL CARRYBACK

### Temporary Regulations:

- The IRS has issued [temporary regulations](#) on the carryback of consolidated net operating losses. Consolidated groups that acquire new members that were members of another group are permitted to make certain elections with respect to pre-acquisition losses.

### Revenue Procedures:

- [Rev. Proc. 2020-24](#): Prescribes when and how to file the following: election to waive NOL carryback, election to exclude section 965 years, and election under the CARES Act special rule concerning taxable years beginning before January 1, 2018, and ending after December 31, 2017.
- [Rev. Proc. 2020-25](#): Provides procedures for taxpayers to take advantage of the retroactive technical correction permitting 100% Bonus Depreciation with respect to Qualified Improvement Property.
- [Rev. Proc. 2020-26](#): Provides relief for certain taxpayers by utilizing the amendments made to NOL provisions by CARES Act Section 2303. The notice extends the deadline to file an application for tentative carryback adjustment under Code Section 6411 for carrying back an NOL generated in any taxable year that began during calendar year 2018 and that ended on or before June 30, 2019.

### FAQs:

- FAQs about [Carrybacks of NOLs for Taxpayers Who Have Had Section 965 Inclusions](#) (page last reviewed or updated by the IRS on February 26, 2021): Provides guidance on the carrybacks of NOLs for taxpayers who have had Code section 965 inclusions. This guidance references Revenue Procedure 2020-24 and the temporary procedures for faxing certain Forms 1139 and 1045 to the IRS.
- FAQs about [NOL Carrybacks of C Corporations to Taxable Years in which the Alternative Minimum Tax Applies](#) (page last reviewed or updated by the IRS on March 29, 2021): Provides further information for subchapter C corporation taxpayers that are carrying back NOLs to years in which the alternative minimum tax applies.

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	<ul style="list-style-type: none"> <li>FAQs about <a href="#">Carrybacks of NOLs by Certain Tax-Exempt Organizations</a> (page last reviewed or updated by the IRS on August 3, 2020): Provides guidance to tax-exempt organizations on deducting CARES Act NOLs from UBTI.</li> </ul>
<p><b>IRS PRIMARY GUIDANCE:</b></p> <p><b>PAYROLL TAX DEFERRAL</b></p>	<p><u>Notices:</u></p> <ul style="list-style-type: none"> <li><a href="#">Notice 2020-65</a>: Provides initial guidance on the Presidential Memorandum directing payroll taxes to be withheld through December 31, 2020. For employees whose bi-weekly pay is less than \$4,000, social security taxes may be withheld for pay periods beginning September 1. Any amounts deferred must be withheld and ratably deposited from January 1–April 30, 2021. Deferral is not required. See <a href="#">Ropes &amp; Gray August 31, 2020 Alert</a>.</li> <li><a href="#">Notice 2021-11</a>: Modifies the above Notice 2020-65, by extending the end date of the period during which employers must withhold and pay Applicable Taxes from April 30, 2021, to December 31, 2021. The IRS noted that payments made on January 3, 2022 will be considered timely because December 31, 2021 is a legal holiday and that interest and penalties will still begin to accrue on January 1, 2022 if payments are not made by January 3, 2022. See also <a href="#">IRS website page</a> discussing extension (page last reviewed or updated by the IRS on February 3, 2021).             <ul style="list-style-type: none"> <li><a href="#">IRS Tax Tip 2021-32</a>: IRS stated that an employer can make deferral payments through the Electronic Federal Tax Payment System, credit or debit card, money order, or with a check with funds not paid on time subject to penalties and interest. The IRS noted that deferred payments must be separate from other tax payments to ensure they’re applied to the deferred payroll tax balance since IRS systems won’t recognize the payment if it is with other tax payments or sent as a deposit.</li> </ul> </li> </ul>
<p><b>IRS PRIMARY GUIDANCE:</b></p> <p><b>UNEMPLOYMENT COMPENSATION EXCLUSION</b></p>	<ul style="list-style-type: none"> <li>The IRS released <a href="#">information and instructions</a> to <a href="#">Form 1040</a> on claiming the \$10,200 unemployment compensation exclusion enacted as part of the American Rescue Plan Act of 2021. Each taxpayer (or joint taxpayer) whose AGI is less than \$150,000 in 2020 can exclude up to \$10,200 of unemployment compensation paid to each taxpayer.</li> </ul>
<p><b>IRS PRIMARY GUIDANCE:</b></p> <p><b>ECONOMIC IMPACT PAYMENTS (EIPs) (aka INDIVIDUAL REBATES)</b></p>	<p><u>Websites:</u></p> <ul style="list-style-type: none"> <li><a href="https://www.irs.gov/coronavirus/economic-impact-payments">https://www.irs.gov/coronavirus/economic-impact-payments</a></li> <li>For 2018, 2019 filers, to check payment status and enter payment information: <a href="https://www.irs.gov/coronavirus/get-my-payment">https://www.irs.gov/coronavirus/get-my-payment</a></li> <li>For non-filers, to enter payment information: <a href="https://www.irs.gov/coronavirus/non-filers-enter-payment-info-here">https://www.irs.gov/coronavirus/non-filers-enter-payment-info-here</a></li> <li><a href="#">Recovery Rebate Credit</a>: The IRS released information on <a href="#">Recovery Rebate Credit</a> (page last reviewed or updated by the IRS on April 19, 2021): Provides information related to the first and second rounds of EIPs, which were advance payments of the 2020 Recovery Rebate Credit.</li> </ul> <p><u>FAQs:</u></p> <ul style="list-style-type: none"> <li>FAQs about <a href="#">Get My Payment</a> (page last reviewed or updated by the IRS on April 22, 2021): Provides guidance on Get My Payment application. The recent update provides that third economic impact payment information is available on Get My Payment tool. All first and second EIPs have been sent and will no longer appear on Get My Payment tool. Individuals who did not receive (in part or in whole) the full amounts for the first or second</li> </ul>



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EIPs may qualify for the 2020 Recovery Rebate Credit and must file a 2020 tax return even if such individual does not normally file a tax return.

- FAQs about the [First Economic Impact Payments](#) (page last reviewed or updated by the IRS on April 15, 2021): Provides guidance on calculating, requesting, and receiving Economic Impact Payments.
- FAQs about the [Second Economic Impact Payment](#) (page last reviewed or updated by the IRS on April 20, 2021): Recent update provides that the IRS and Treasury issued all first and second EIPs and that Get My Payment tool will no longer display the first and second EIPs.
- FAQs about the [Third Economic Impact Payment](#) (page last reviewed or updated by the IRS on April 22, 2021): Provides information with respect to the third EIP, including topics such as eligibility and calculation of the third EIP, reconciling on an individual's 2021 tax return, and other general information.

### Press Releases:

- [IR-2020-280](#): On December 29, 2020, the IRS and the Treasury Department began the delivering a second round of EIPs as part of the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 to millions of Americans who received the first round of payments in 2020.
- [FS-2021-05](#): In March 2021, the IRS and the Treasury Department began delivering the third round of EIPs that were authorized by Congress in the American Rescue Plan Act.
- [IR-2021-76](#): On April 5, 2021, the IRS has announced that it is mailing letters to some taxpayers who claimed the 2020 recovery rebate credit on their 2020 tax returns and that may be getting a different amount than they expected.

### Other:

- In a [Memorandum for Taxpayer Advocate Service Memorandum](#) (dated November 23, 2020), the IRS released revisions impacting Internal Revenue Manual 13.1.7.4, Same Day Resolution By Operations, due to factors affecting and limiting the Taxpayer Advocate Service's (TAS) ability to effectively advocate in cases involving stand-alone Economic Impact Payment (EIP). This revisions states that the last day the IRS can process a return which will then cause the issuance of an EIP (if eligible) is December 3, 2020, and the last day the IRS can adjust a taxpayer's account to release an EIP is December 7, 2020. The required changes made to TAS case procedures, which supersede TAS-13-0820-0016, are titled or listed as follows:
  - as of November 23, 2020 the TAS will not accept new cases involving stand-alone EIP issues from all sources;
  - for currently open TAS cases involving EIP related issues, the TAS will advocate, via the Operations Assistance Request (OAR) process (or exercise delegated authority when appropriate), until November 30, 2020;
  - TAS will close outstanding OARs for stand-alone EIP issues beginning December 10, 2020;
  - TAS will close unresolved stand-alone EIP only cases beginning December 10, 2020; and
    - TAS will provide taxpayer outreach and education for EIP issues where not able to directly assist taxpayers or to accept a case.
- In a [notice](#) dated March 25, 2021, the U.S. Department of Justice announced that coronavirus relief payments and expanded child tax credits should not be considered

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when determining the disposable income of a person in bankruptcy (Chapter 13). The Consolidated Appropriations Act of 2021 excluded recovery rebates from bankruptcy estate property, and seems to apply to all three rounds of the coronavirus relief payments authorized since the pandemic started.

### IRS PRIMARY GUIDANCE: OTHER FAQs

FAQs about [Taxpayers can now fax Form 8918, Material Advisor Disclosure Statement](#) (page last reviewed or updated by the IRS on January 29, 2021): Until further notice, the IRS is accepting taxpayers' completed Form 8918 via fax or accepting via mail Form 8918 that is mailed to Office of Tax Shelter Analysis ("OTSA") address provided on the Instructions to Form 8918. The January update includes an important note that the fax number is not for general use, that the taxpayers may send only one Form 8918 per fax, and lays out file size limitations.

FAQs about [Faxing Form 8886, Reportable Transaction Disclosure Statement with the Office of Tax Shelter Analysis](#) (page last reviewed or updated January 28, 2021): Starting October 1, 2020 until further notice, the IRS will accept via fax the separate Office of Tax Shelter Analysis (OTSA) copy of the initial year filing of Form 8886, which taxpayers use to report Reportable Transactions. Taxpayers must still submit two copies of the Form 8886 to the IRS and continue to file Form 8886 with their tax return (including extensions). Nonetheless, instead of mailing the paper OTSA copy of the initial year filing of Form 8886 to the IRS OTSA Unit, taxpayers may now send it via fax. The January update includes an important note that the fax number is not for general use, that the taxpayers may send only one Form 8886 per fax, and lays out file size limitations.

FAQs about [Coronavirus-related Relief for Retirement Plans and IRAs](#) (page last reviewed or updated by the IRS on September 19, 2020): Explains the special rules under CARES Act section 2202 for retirement plans and IRAs and expands permissible loans from certain retirement plans.

FAQs about [Paycheck Protection Program Loans](#) (page updated by the Small Business Administration, in consultation with the Department of the Treasury on April 6, 2021): Provides guidance to address borrower and lender questions concerning the implementation of the Paycheck Protection Program ("PPP"). The April update provides that these FAQs are in the process of being revised and do not yet reflect changes made by American Rescue Plan Act of 2021.

FAQs about [Individuals Claiming the Medical Condition Exception in 2020](#) (page last reviewed or updated by the IRS on April 15, 2021): Provides that certain alien individuals that meet the specified requirements may be eligible to claim the medical condition exception to exclude certain days of U.S. presence from substantial presence test (described in Section 7701(b)(3)) if they meet the requirements described in Sections 7701(b)(3)(D)(ii) and 301.7701(b)-3(c).

FAQs about [Estate tax Form 706 deliveries returned due to COVID-19](#) (page last reviewed or updated by the IRS on February 26, 2021): Provides a list of actions a taxpayer may take to ensure that Form 706 package is considered timely filed.

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FAQs about [Taxation of Provider Relief Payments](#) (page last reviewed or updated by the IRS on July 6, 2020): Provides guidance on payments received from Provider Relief Fund.

FAQs about [CARES Act Coronavirus Relief Fund](#) (page last reviewed or updated by the IRS on July 6, 2020): Provides guidance on questions related to Coronavirus Relief Fund established by the CARES Act.

FAQs about [Leave Sharing Plans](#) (page last reviewed or updated by the IRS on September 19, 2020): Provides that employers may set up a leave-sharing plan under IRS Notice 2006-59.

FAQs about [Temporary procedure to fax automatic consent Forms 3115 due to COVID-19](#) (page last reviewed or updated by the IRS on January 29, 2021): Provides that starting on July 31, 2020 until further notice, the IRS will accept via fax, the duplicate copy of Form 3115 (Application for Change in Accounting method). This temporary procedure only applies to certain taxpayers. Taxpayers must still submit two copies of the Form 3115 to the IRS and file Form 3115 with their tax return (including extensions). Nonetheless, instead of mailing the duplicate paper copy of Form 3115 to the IRS, taxpayers may now send it via fax. The January update includes an important note that the fax number is not for general use, that the taxpayers may send only one Form 3115 per fax, and lays out file size limitations.

### IRS PRIMARY GUIDANCE:

[Rev. Proc. 2020-22](#): Provides guidance regarding elections per recent changes made to Code Section 163(j).

### OTHER REVENUE PROCEDURES

[Rev. Proc. 2020-23](#): Certain partnerships are permitted to file amended returns using for taxable years beginning in 2018 and 2019, using Form 1065 and amended Schedule K-1, instead of filing AARs. This allows partnerships to benefit immediately from relief provided under the CARES Act. Amended returns do not need to be limited to CARES Act relief.

[Rev. Proc. 2020-25](#): Provides procedures for taxpayers to take advantage of the retroactive technical correction permitting 100% Bonus Depreciation with respect to Qualified Improvement Property.

### IRS PRIMARY GUIDANCE:

[Rev. Rule 2021-2](#) declared Notice 2020-32 and Rev. Rule 2020-27 obsolete.

### OTHER NOTICES

[Notice 2020-29](#): Provides for increased flexibility with respect to mid-year elections under a section 125 cafeteria plan during calendar year 2020 related to employer-sponsored health coverage, health Flexible Spending Arrangements, and dependent care assistance programs. It also provides increased flexibility on grace periods to apply unused amounts in health FSAs and dependent care assistance programs to applicable expenses incurred through December 31, 2020.

[Notice 2020-33](#): Modifies Notice 2013-71 to increase the carryover limit (currently \$500) to a maximum of \$500, for unused amounts remaining at the end of a plan year in health FSA under a section 125 cafeteria plan. It also clarifies the ability of a health plan to reimburse individual insurance policy premium expenses incurred prior to the beginning of the plan year for coverage provided during the plan year.

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[Notice 2020-35](#): Amplifies the definition of Affected Taxpayer and Specified Time-Sensitive Actions as provided in Notice 2020-23 to postpone the deadlines for specified time-sensitive actions applicable to certain employment taxes, employee benefits, and exempt organizations.

[Notice 2020-39](#): Provides relief for qualified opportunity funds (QOFs) and their investors affected by COVID-19 pandemic. The notice also provides guidance on application of certain relief provisions in Code Section 1400Z-2 regulations.

[Notice 2020-41](#): Modifies previously provided IRS notices that address the beginning of construction requirement for production tax credit for renewable energy facilities (under section 45) and investment tax credit for energy property (under section 48).

[Notice 2020-42](#): Provides temporary relief from the physical presence requirement in Treas. Reg. Section 1.401(a)-21(d)(6) for participant elections required to be witnessed by a plan representative or a notary public, including a spousal consent required under Code Section 417. The temporary relief covers the period from January 1, 2020, through December 31, 2020.

[Notice 2021-03](#) extends the temporary relief provided in Notice 2020-42 from January 1, 2021, through June 30, 2021.

[Notice 2020-46](#): Provides treatment of amounts paid to section 170(c) organizations under employer leave-based donation programs to aid victims of the COVID-19 pandemic.

[Notice 2020-50](#): Provides that qualified individuals may receive favorable tax treatment on distributions from eligible retirement plans that are coronavirus-related distributions.

[Notice 2020-51](#): Provides guidance on the waiver of 2020 required minimum distributions (RMDs) from certain retirement plans. Among other items, the notice permits rollovers of waived RMDs and certain related payments as well as answers questions regarding the waiver of 2020 RMDs.

[Notice 2020-52](#): Clarifies the requirements that apply to a mid-year amendment to a safe harbor § 401(k) or § 401(m) plan that reduces only contributions made on behalf of highly compensated employees.

[Notice 2020-54](#): Provides guidance to employers on reporting the amount of qualified sick leave wages and qualified family leave wages paid to employees pursuant to the Families First Coronavirus Response Act.

[Notice 2020-61](#): Provides guidance on the special rules relating to funding of single-employer defined benefit pension plans, and related health benefit limitations, under the CARES Act.

[Notice 2020-62](#): Modifies two safe harbor explanations relating to information that must be provided to recipients of eligible rollover distributions.

[Notice 2020-65](#): Postpones the due date until the period beginning on January 1, 2021, and ending on April 30, 2021, for withholding and payment of employee share of social security tax for certain employers affected by the COVID-19 pandemic.

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	<p><a href="#">Notice 2020-82</a>: Provides that a contribution to a single-employer defined benefit pension plan with an extended due date of January 1, 2021 under section 3608(a)(1) of the CARES Act will be treated as timely made if such contribution is made by January 4, 2021.</p>
<p><b>IRS PRIMARY GUIDANCE: INFORMATION LETTER &amp; OTHER GUIDANCE</b></p>	<p><a href="#">Information Letter 2020-0008</a>: Payments to undergraduate and graduate students under Section 18004 of the CARES Act are excludible from gross income under Code Section 139.</p> <p><a href="#">Announcement 2020-12</a>: Lenders that make PPP loans that are later forgiven under the CARES Act do not need to file information returns and should not furnish payee statements.</p> <p><a href="#">IR-2021-27</a>: The IRS provided explanation on how corporations may qualify for the new 100% limit for disaster relief contributions and offered a temporary recordkeeping relief.</p> <p><a href="#">Rev. Proc. 2021-15</a>: Eligible educators can deduct up to \$250 (\$500 if married filing jointly and both spouses are educators) of unreimbursed expenses for COVID-19 protective items to stop the spread of COVID-19 in the classroom.</p>
<p><b>IRS FILING &amp; PAYMENT EXTENSIONS</b></p>	<ul style="list-style-type: none"> <li>In a September 3, 2020 <a href="#">Memorandum</a>, the IRS temporarily revised the dates for which taxpayer requests will be considered timely with respect to collection due process (CDP) levy notices. The timeliness of taxpayer requests will vary based on the type of notice received.</li> </ul> <p><b>Penalty Relief:</b> The IRS has informally indicated that it may grant relief from failure to file and pay penalties for tax filers who can show reasonable cause for the delay based on circumstances related to COVID-19. Any tax forms for which an extension is sought should have “COVID-19” written atop the filing. Taxpayers should also be prepared to show a good faith effort to comply with deadlines.</p> <p>On November 17, 2020, IRS Commissioner Charles Rettig appeared to announce that blanket penalty relief from late-filing and payment penalties levied during the pandemic months was not going to happen. He indicated that the IRS has come to the conclusion that there are a series of relief procedures that filers should focus on including, but not limited to, reasonable cause and first-time penalty abatements. The IRS does intend to judge penalty relief requests on a case-by-case basis.</p> <p><b>FAQs:</b> FAQs about <a href="#">Filing and Payment Deadlines Questions and Answers</a> (page last reviewed or updated by the IRS on April 15, 2021): Provides that these FAQs supersede earlier FAQs from March 24, 2020, following the publication of Notice 2020-18. These updated FAQs incorporate the expanded relief provided by Notice 2020-23.</p> <p><b>Notices:</b></p> <ul style="list-style-type: none"> <li><a href="#">2020-18</a>: Provides there is no limitation on the amount of Federal income tax payments that may be deferred, superseding Notice 2020-17.</li> <li><a href="#">2020-20</a>: Provides the due date for filing Forms 709 and making payments of Federal gift and generation-skipping transfer tax due April 15, 2020, was automatically postponed to July 15, 2020 for any person owing federal gift tax or generation-skipping transfer tax on</li> </ul>

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	<p>April 15.</p> <ul style="list-style-type: none"> <li>• <a href="#">2020-23</a>: Tax relief expanded to additional returns, tax payments, and other actions. For the Affected Taxpayers specified in this notice, the due date for filing specified forms and making specified payments was automatically extended to July 15, 2020.</li> <li>• <a href="#">2020-58</a>: Taxpayers that have a measuring period under the substantial rehabilitation test ending on or after April 1, 2020, and before March 31, 2021, now have until March 31, 2021 to satisfy the test.</li> </ul> <p><u>Press Releases:</u></p> <ul style="list-style-type: none"> <li>• <a href="#">IR-2020-66</a>: Extended July 15, 2020 deadline to file returns and make payments generally applied to all taxpayers that had a filing or payment deadline falling on or after April 1, 2020, and before July 15, 2020.</li> <li>• <a href="#">IR-2021-59</a>: <u>The Treasury Department and the IRS extended federal income tax filing deadline for individuals for the 2020 tax year from April 15, 2021, to May 17, 2021.</u></li> </ul> <p><u>IRS Statement Related to American Rescue Plan Act of 2021</u></p> <ul style="list-style-type: none"> <li>• On March 12, 2021, the IRS <a href="#">announced</a> it is reviewing implementation plans for the American Rescue Plan Act of 2021 and will provide additional guidance on those provisions that could affect taxpayers 2020 tax returns. The IRS emphasized taxpayers who have filed, but whose filling was affected by the American Rescue Plan Act of 2021, should not file an amended return at this time, until the IRS issues additional guidance.</li> <li>• <a href="#">IR-2021-71</a>: On March 31, 2021 the IRS announced it will take steps to automatically refund money to those who reported unemployment income on their 2020 tax returns.</li> </ul>
<p><b>IRS REFUNDS &amp; DEDUCTIONS</b></p>	<p><a href="#">Announcement 2021-7</a>: The IRS announced that individuals can claim tax deductions under Section 213(d) of the Code for personal protective equipment (PPE), such as masks and hand sanitizer. Specifically, individuals can claim the deductions for personal protective equipment expenses exceeding 7.5% of adjusted gross income, according to the agency. Also, people can pay for such PPE through their health flexible spending arrangements, health savings accounts and other plan. People can either use health flexible spending arrangements, health savings accounts and other plans to pay for the expenses or to claim reimbursements, but not both.</p> <p><a href="#">IR-2021-70</a>: On March 30, 2021 the IRS announced that the emergency financial aid grants made by a federal agency, state, Indian tribe, higher education institution or scholarship-granting organization (including a tribal organization) to a student because of an event related to the COVID-19 pandemic are not included in the student's gross income. Also, students should not reduce an amount of qualified tuition and related expenses by the amount of an emergency financial aid grant. If students used any portion of the grants to pay for qualified tuition and related expenses on or before December 31, 2020, they may be eligible to claim a tuition and fees deduction or the American Opportunity Credit or Lifetime Learning Credit on their 2020 tax return.</p>
<p><b>IRS ENFORCEMENT</b></p>	<p>Deadlines Extended: Notice <a href="#">2020-23</a> also extended to July 15, 2020 the deadline to take any “Time Sensitive Actions,” which were due on or after April 1, 2020 and before July 15, 2020. Time sensitive actions are defined in § 301.7508A-1(c)(1)(iv) – (vi) of the Procedure and Administration Regulations and Rev. Proc. 2018-58, and include filing a petition with the Tax Court or for review of a Tax Court decision, filing a claim for credit or refund of any tax, or bringing suit for a claim of tax refund or credit. The notice further extended the deadline for the</p>

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filing of any petition with the Tax Court or a review of a Tax Court decision, filing a claim for credit or refund, and bringing suit on a claim for credit or refund.

In a [FAQ](#), the IRS clarified that taxpayers got the benefit of both filing extensions granted under Notice 2020-23 and by virtue of the Tax Court's closure, pursuant to the principles of *Guralnik v. Comm'r*, 146 T.C. 230 (2016). Ultimately, this extended any Tax Court filing deadlines from March 19, 2020 until July 15, 2020.

**Statute of Limitations Issues:** The IRS will continue working cases where a statute of limitation is pending, and may work with the taxpayer to extend the statute.

**Independent Office of Appeals:** Appeals will conduct conferences telephonically or by videoconference for docketed cases in Appeals' jurisdiction. For docketed cases, Appeals has begun scheduling virtual conferences in preparation for trials. Trials will also be held virtually. For nondocketed cases, Appeals, as of the October 27 announcement, will no longer be suspended due to taxpayer's request for in-person conferences and will begin scheduling virtual conferences.

**News Releases:**

- [IR-2020-233](#): Beginning in October 2020, the IRS will include QR barcodes on CP14 notices (informing taxpayers of unpaid taxes) that will direct taxpayers to the applicable IRS webpage.

**Large Business & International Division ("LB&I"):**

- On June 26, 2020, the LB&I issued a [memo](#) providing compliance priorities guidance.
- On November 10, 2020 the LB&I announced it is now offering to communicate digitally with taxpayers during examinations through a new online messaging portal.
- On November 17, 2020 the LB&I announced it is adopting a secure communications program that has already sped up processing of examinations in other IRS divisions. The program, called the Taxpayer Digital Communications messaging system, allows taxpayers and tax professionals to communicate electronically with the agency, allowing for information to be immediately exchanged.
- In a memo issued on December 9, 2020, the IRS's LB&I stated, in general, it is extending the suspension of information document request (IDR) enforcement procedures through June 30, 2021 and all exam activities will continue under normal procedures (with some exceptions) through June 30, 2021.
  - Examiners of listed transaction should following the Service wide summons procedure detailed in IRM 25.5
  - In addition, in general, the LB&I exam activities will continue under normal procedures (with some exceptions) through June 30, 2021 "and thereafter." Exceptions to this rule are:
    1. Appointments (whether in person or virtual) can be scheduled depending upon the facts and circumstances of the taxpayer.
    2. The hold on new Discriminate Analysis Score (DAS, a computer model the IRS uses to score examination potential for corporate returns with total assets of \$10 million or more) cases will continue.

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### Small Business/Self-Employed Division (“SB/SE”):

- On October 1, 2020, SB/SE issued a [memo](#) extending temporary guidance relating to taxpayer contact, initial contact, and asset valuations.
- On March 23, 2021 the SB/SE issued a [memo](#) extending temporary guidance relating to taxpayer contact, initial contact, asset valuations and waiver requiring a field call prior to acceptance to September 30, 2021.

### Appeals:

- On December 20, 2020, the Appeals division issued a [memo](#) extending through June 30, 2021 the prior [interim guidance](#) advising Appeals Technical employees that email may be used to transmit redacted case files to taxpayers and their authorized representatives.

### Tax Exempt & Government Entities Division (“TE/GE”):

- On December 15, 2020, the TE/GE issued a memo extending its relaxed information document request (IDR) timelines for taxpayers who can not comply with IDRs because of the COVID-19 pandemic through June 30, 2021. The memo also says guidance regarding resumption of TE/GE exam activities post July 15, 2020, which will be effective until June 30, 2021.

### IRS Collections:

- [IR-2020-248](#): Taxpayers who are entitled to short-term payment plans can have up to 180 days to pay their taxes instead of the original 120-day period. Instead of defaulting, the IRS will automatically add certain new tax balances to existing Installment Agreements, for individual and out of business taxpayers. The IRS increased flexibility for certain qualified individual taxpayers that temporarily cannot satisfy their obligations under offers in compromise, and procedures that allow certain taxpayers who owe less than \$250,000 in tax to set up alternative payment plans without furnishing a financial statement. Individual taxpayers who only owe for the 2019 tax year and who owe less than \$250,000 may qualify to set up an Installment Agreement without a notice of federal tax lien filed by the IRS. Qualified taxpayers with existing Direct Debit Installment Agreements may now be able to use the Online Payment Agreement system to propose lower monthly payment amounts and change their payment due dates.
- [TE/GE-04-1220-0031](#): This memorandum supersedes the previous memorandum issued on July 7, 2020, entitled, “Extended Modification of IDR Enforcement Timelines due to COVID-19 Considerations and Resumption of Exam Activity Post July 15, 2020”. It extends the approval period to deviate from standard follow-up IDR and IDR Enforcement timelines until June 30, 2021. It also provides guidance regarding resumption of TE/GE exam activities post July 15, 2020 which will also be effective until June 30, 2021.
- **Announced Modification to Exam Activity.** Limiting in-person contact and defaulting to correspondence and/or virtual interactions. If it is determined that in-person interaction with a taxpayer/representative is necessary only to exchange books and records, employees can consider conducting the meeting in a Taxpayer Assistance Center (TAC) that is equipped with plexiglass barriers, if possible. Virtual appointments can be conducted by teleconference. WebEx will also be an option following appropriate guidelines and subject to system availability.



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IRS temporarily allowing electronic submission for certain requests:

- [Revenue Procedure 2020-29](#): Modifies the procedures in Rev. Proc. 2020-1, 2020-1 I.R.B.1 (January 2, 2020), temporarily to allow for electronic submission via efax or email of requests for letter rulings, closing agreements, determination letters, and information letters under the jurisdiction of the IRS Office of Chief Counsel, and for determination letters issued by the IRS Large Business and International Division. Until Rev. Proc. 2020-29 is modified or superseded, both paper and electronic requests for advice described in section 2.01 of the revenue procedure will be accepted. If requests have previously been submitted in paper, duplicate requests may be resubmitted electronically.
- [IR-2020-212](#): Reminds taxpayers and practitioners that they make take advantage of expedited letter ruling procedures.

IRS's Enforcement on High-Income Individuals:

- On November 16, 2020 two agency officials announced that IRS agents will resume knocking on doors of suspected high income tax avoiders after the coronavirus pandemic passes. Since February IRS agents have been following up with high-income individual (those who earn at least \$100,000) that failed to file income tax returns. The IRS said it identified \$2.3 billion in tax fraud, up from \$1.8 billion a year prior. The Treasury Inspector General for Tax Administration released a report that said 879,415 high-income individuals who didn't file returns cumulatively failed to pay \$45.7 billion in taxes from 2014 to 2016.

IRS Enforcement Program with the State Department

- The IRS is resuming its program for notifying the State Department of taxpayers certified as owing seriously delinquent tax debt following the temporary suspension of certain collection activities with the March 25, 2020, People First Initiative announcement in response to COVID-19. Affected taxpayers generally owe the IRS more than \$54,000 in back taxes, penalties and interest for which the IRS has filed a Notice of Federal Tax Lien and the period to challenge it has expired, or the IRS has issued a levy. ([update March 15, 2021](#))

2020 Federal Income Tax Filing and Payment Extension

- [IR-2021-59](#): On March 17, 2021, the Treasury Department and IRS announced that the federal income tax filing due date for individuals for the 2020 tax year will be automatically extended from April 15, 2021, to May 17, 2021. Related interest, penalties, and additions to tax will also be suspended during that time and will begin to accrue on May 18, 2021.
  - On March 18, 2021, the Commissioner Rettig told a house panel that that quarterly estimated payments were deliberately omitted from the agency's decision to grant taxpayers additional time to file their 2020 federal tax returns in order to cut down on tax arbitrage.
- [IR-2021-67](#): On March 29, 2021, the IRS announced that individuals will have until May 17, 2021 to meet certain deadlines including contributions to IRAs and HSAs, filing for unclaimed 2017 refunds, Archer Medical Savings Accounts, and Coverdell education savings accounts.

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- Also automatically postpones to May 17, 2021 the time for reporting and paying the 10% additional tax on amounts includable in gross income from 2020 distributions from IRAs or workplace-based retirement plans.
  - [Notice 2021-21](#): On April 6, 2021, the IRS advised that recent guidance postponing until May 17, 2021 specified income tax deadlines for individuals also applies to “affected taxpayers” (defined as any person with federal income tax returns filed on IRS Form 1040 or payments reported on or made in connection with one of those forms) making a Section 965(h) of the Code net tax liability installment payment that has an original due date of April 15. This relief doesn’t apply to Section 965(h) of the Code installment payments regarding taxpayers who are not affected taxpayers.
  - [IR-2021-83](#): On April 9, 2021, the IRS announced that this filing extension does not apply to foreign bank account report (“FBAR”) filers. FBAR filers are still subject to an April 15 deadline to report interests in bank accounts located abroad.
  - States not following the Federal extension:
    - No Extension (all states that not collecting income tax on individuals): Alaska (AK), Florida (FL), New Hampshire (NH), Nevada (NV), South Dakota (SD), Texas (TX), Washington (WA), and Wyoming (WY).
- Other Extension: Maryland (7/15/2021), Iowa (6/1/2021), Oklahoma (6/15/2021) and Hawaii (4/20/2021).

## IRS LOGISTICS

[IRS Operations During COVID-19: Mission-critical functions continue](#) (page last reviewed or updated by the IRS on April 23, 2021): Among other information related to IRS mission-critical functions during COVID-19, the IRS notes that COVID-19 continues to cause delays in certain IRS services including live phone support, processing tax returns filed on paper, answering mail from taxpayers, and reviewing tax returns, even for returns filed electronically.

### Processing Delays & Erroneous Notices:

- The IRS has announced several initiatives to remedy confusion caused by notices that it improperly sent or delayed. However, the IRS has temporarily suspended the requirement that it issue an apology letter when an “interim letter” is erroneously sent to a taxpayer.
- On August 21, 2020, the IRS had [announced](#) that it had suspend the mailing of three types of balance due notices in an effort to lessen confusion. On October 23, 2020, the IRS [announced](#) that beginning in late October 2020, it would resume issuing the balance notices alerting taxpayers to nonpayment.
- On August 21, 2020, the IRS [announced](#) it was further seeking to correct employer accounts for companies that were improperly penalized for claiming tax credits on their Forms 941, in accordance with Notice 2020-22.
- On December 11, 2020, the IRS [announced](#) that it continues to experience delays due to the volume of notices the IRS is required to send out after it restarted issuing notices to taxpayers. This delay is impacting notices to taxpayers for payments for taxes owed or to notify taxpayers of changes made to tax returns resulting in different refund amounts or tax owed. To avoid the wait, taxpayer can log into their online account to view the notice.
  - Two House tax writers are calling for a review of delayed IRS notices after the national taxpayer advocate alerted taxpayers that a second round of notices is delayed and that those being mailed through January 2021 may have due dates that have already passed. They tax writers asked for recommendations for what the IRS can do to prevent further

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issuances of untimely or erroneous notices and requested a response from TIGTA by early January 2021.

- On February 18, 2021, the IRS [announced](#) they have not finished processing all 2019 tax returns, so some of the roughly 260,000 taxpayers who received letters saying they didn't file returns can disregard those notices, the agency said. The IRS noted that there is no need to call or respond to the CP59 notice because the IRS continues to process 2019 tax returns as quickly as possible.
- On March 3, 2021 an IRS official speaking at a Federal Bar Association virtual meeting on said that three of the IRS's service centers are facing new mail backlogs due to winter storms and quarterly return filings. The official also stated that the processing of net operating loss carryback claims, which are supposed to be processed within 90 days, is still seeing processing delays due to the COVID-19 pandemic.
- [Report Number: 2021-46-023](#): On March 24, 2021 the Treasury Department announced that it will need until September to get through its backlog of more than a million rejected tax returns.

### Digital Signatures:

Currently, the IRS is accepting the following forms with digital signatures if they are postmarked from January 1, 2021 through June 30, 2021. *See above [IRS page](#), re "Need to File a Form with a Digital Signature"*.

- Form 3115, Application for Change in Accounting Method;
  - Form 8832, Entity Classification Election;
  - Form 8802, Application for U.S. Residency Certification;
  - Form 1066, U.S. Income Tax Return for Real Estate Mortgage Investment Conduit;
  - Form 706, U.S. Estate (and Generation-Skipping Transfer) Tax Return;
  - Form 706-NA, U.S. Estate (and Generation-Skipping Transfer) Tax Return;
  - Form 709, U.S. Gift (and Generation-Skipping Transfer) Tax Return;
  - Form 1120-ND, Return for Nuclear Decommissioning Funds and Certain Related Persons;
  - Form 1120-RIC, U.S. Income Tax Return for Regulated Investment Companies;
  - Form 1120-C, U.S. Income Tax Return for Cooperative Associations;
  - Form 1120-REIT, U.S. Income Tax Return for Real Estate Investment Trusts;
  - Form 1120-L, U.S. Life Insurance Company Income Tax Return;
  - Form 1120-PC, U.S. Property and Casualty Insurance Company Income Tax Return;
  - Form 1128, Application to Adopt, Change or Retain a Tax Year;
  - Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts;
  - Form 3520-A, Annual Information Return of Foreign Trust with a U.S. Owner;
  - Form 8453 series, Form 8878 series, and Form 8879 series regarding IRS e-file Signature Authorization Forms; and
  - Form 8038 series, pertaining to tax-exempt bonds.
- A brief overview of IRS approval of temporary use of e-signatures for certain forms during the COVID-19 pandemic:
    - On August 28, 2020, the IRS issued a [memorandum](#) and [IR-2020-194](#), providing that it would temporarily accept digital signatures on certain forms that cannot be filed

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	<p>electronically. Affected are Forms 1066, 1120s, 3115, 8802, 8453s, 8832, 8878s, and 8879s.</p> <ul style="list-style-type: none"> <li>○ On September 10, 2020, the IRS issued a <a href="#">memorandum</a> and <a href="#">IR-2020-206</a> extending the above-mentioned rule to Forms 706s, 709, 1120-ND, and 3520s.</li> <li>○ On December 2, 2020, the IRS extended the acceptance of digital signatures on documents relating to the determination or collection of tax liability through June 30, 2021.</li> <li>○ On December 11, 2020, the IRS issued a memo allowing taxpayers and representatives to use electronic or digital signatures from January 1, 2021 through June 30, 2021 on the following:             <ul style="list-style-type: none"> <li>▪ Forms: 3115, 8832, 8802, 1066, 706, 706-NA, 709, 1120-ND, 1120-RIC, 1120-C, 1120-REIT, 1120-L, 1120-PC, 1128, 3520, 3520-A and 8463</li> <li>▪ Form Series: Form 8453 series, Form 8878 series, Form 8879 series and Form 8038 series</li> </ul> </li> <li>○ On December 28, 2020 the IRS amended its December 11, 2020 memo to include Forms 8038, 8038-G and 8038-GC.</li> <li>○ For the specified forms that are signed and postmarked from January 1, 2021, through June 30, 2021, the IRS is not requiring the use of any specific technology to effectuate the electronic signature.</li> <li>○ On April 15, 2021, the IRS issued a memo that extended the expiration date from a previous <a href="#">memo</a> (issued on December 1, 2020) to December 31, 2021. This extension relates to procedures that enable IRS employees to accept images of signatures (scanned or photographed) and digital signatures on documents related to the determination or collection of tax liability, to accept documents via email and to transmit documents to taxpayers using some secured messaging systems. This applies to the scope of documents that include: extensions of statute of limitations on assessment or collection, waivers of statutory notices of deficiency and consents to assessment, agreements to specific tax matters or tax liabilities (closing agreements), and any other statement or form needing the signature of a taxpayer or representative traditionally collected by IRS personnel outside of standard filing procedures.</li> <li>● Temporary deviation: IRS Appeals employees will accept images of signatures (scanned or photographed) and digital signatures on documents related to Appeals' consideration. Appeals employees may also accept documents via email and transmit documents to taxpayers using SecureZip or other established secured messaging systems. <i>See</i> AP-08-0720-0011.</li> </ul>
<p><b>NEXUS &amp; SOURCING — IRS CROSS-BORDER TAX GUIDANCE</b></p>	<p><u>Revenue Procedures:</u></p> <ul style="list-style-type: none"> <li>● <a href="#">Rev. Proc. 2020-20</a>: IRS provides that an eligible individual who intended to leave the U.S. during the individual's COVID-19 emergency period but was unable to do so due to COVID-19 Emergency Travel Disruptions, may exclude the individual's COVID-19 emergency period (up to 60 calendar days) for purposes of applying the "substantial presence test" under Code section 7701(b)(3).</li> <li>● <a href="#">Rev. Proc. 2020-27</a>: IRS provides a waiver of the time requirements of Code section 911(d)(1) for any individual who reasonably expected to meet the eligibility requirements during 2019 or 2020, but failed to meet the requirements because the individual departed a foreign country on or after a certain date due to the COVID-19 emergency.</li> </ul>

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- [Rev. Proc. 2020-30](#): IRS provides that a U.S. business may exclude up to 60 days of employees' temporary activities abroad for purposes of determining whether such business has a foreign branch separate unit under Section 1503(d).

[FAQs](#) (page last reviewed or updated June 12, 2020): Provides information for nonresident aliens and foreign businesses impacted by COVID-19 travel disruptions.

### News Release:

- [IR-2020-77](#): IRS provides relief to individuals and businesses affected by travel restrictions due to the COVID-19 emergency relating to residency, foreign income exclusions, and conducting a U.S. trade or business.

## IRS & CHARITABLE DEDUCTIONS

[IRS Tax Tip 2020-153](#): The CARES Act expanded Section 170 of the Code by enabling an above-the-line charitable deduction for non-itemizing individuals of up to \$300 for cash contributions made in 2020 to qualifying organizations. The CARES Act also expanded limits on charitable contributions (including contributions of food) by itemizing individuals and other entities. Publication 526 explains how taxpayers claim a deduction for charitable contributions to reduce taxable income and Publication 561 explains that generally, taxpayers can deduct the fair market value of donated property. Taxpayers must file Form 8283, Noncash Charitable Contributions, to report noncash charitable contributions if the amount of the deduction is more than \$500. Taxpayers age 70 ½ or older may make a qualified charitable distribution from their IRA – up to \$100,000 – directly to an eligible charity, which is generally a nontaxable distribution made by the IRA trustee to a charitable organization, the IRS added. A qualified charitable distribution counts toward a taxpayer's minimum distribution requirement for the year.

## STATES—SUMMARY

The American Institute of CPAs is maintaining a chart of states' responses to the coronavirus, which is available here: [link](#).

## STATES—CALIFORNIA

<b>CA WEBSITE</b>	<a href="https://www.ftb.ca.gov/">https://www.ftb.ca.gov/</a>
<b>CA FILING &amp; PAYMENT EXTENSIONS</b>	<p><b>[Individual Filing Extension]:</b> The FTB postponed the state tax filing and payment deadline for individual taxpayers to May 17, 2021. This extension includes claims for state tax refunds for tax year 2016. This extension does not apply to single member limited liability companies.</p> <p><b>[All Businesses and Individuals]:</b> Filing and payment deadlines were extended to July 15, 2020 for all individuals and business entities for 2019 returns and payments, 2020 first and second quarter estimated payments, 2020 LLC taxes and fees, and 2020 nonwage withholding payments. See <a href="#">Ropes &amp; Gray Alert</a> detailing California's rules and guidance on COVID-19.</p> <p><b>[Impacted Taxpayers]:</b> Deadlines were extended to July 15, 2020 for filing claims for refunds, protesting notices of proposed assessments, filing appeals with the Office of Tax Appeals, filing petitions for rehearing, and Franchise Tax Board's issuance NPAs to taxpayers.</p> <p><b>[Property Tax Filers]:</b> Counties will use their authority to cancel penalties and other charges for homeowners, small businesses, and other property owners unable to pay property taxes due to COVID-19.</p> <p><b>[Main Street Small Business Tax Credit]:</b> The Main Street Small Business Tax Credit provides financial relief to qualified small businesses for the economic disruption in 2020, resulting in unprecedented job losses. Taxpayers can use the credit against income taxes, or can make an irrevocable election to apply the credit against sales and use taxes. The credits are allocated by the California Department of Tax and Fee Administration (CDTFA) on a first-come, first-served basis. CDTFA will accept applications for a tentative credit reservation through January 15, 2021.</p> <p><b>[Electronic Signature]:</b> For paper returns and other documents that normally must be signed with an original signature, FTB will not require an original signature through June 30, 2021, except for Power of Attorneys.</p>
<b>CA ENFORCEMENT</b>	<p><b>[Audits]:</b> The California Franchise Tax Board ("FTB") did not initiate new audits through April 2020. It communicated with taxpayers currently under audit through alternative means and granted extensions on requests for information.</p> <p><b>[Collection Activities]:</b> The FTB had suspended many collections activities, including the issuance of new attachments and liens. As of July 15, 2020, relief relating to delayed collection actions for personal income tax, business entity tax, and non-tax debt programs expired.</p> <p><b>[Statute of Limitations]:</b> The FTB will consider a claim timely filed if the statute of limitations expires during a postponement period and the claim was filed by July 15, 2020.</p> <p><b>[Filing and Appeals Extensions]:</b> The deadlines for filing an appeal originating from the Department of Tax and Fee Administration were extended. For appeals that had a briefing or other deadline that fell between March 1, 2020–July 30, 2020, an automatic 60-calendar day extension was granted. The deadlines for filing an appeal originating from the FTB had also been extended. For appeals or petitions for rehearing with an original due date on or after March 12, 2020 and on or before July 15, 2020, the deadline was extended to July 15, 2020. In addition, the deadline for correspondence to be filed with the OTA with an original due date falling between March 1, 2020 and June 30, 2020 had been extended by 60 days.</p>

## STATES—CALIFORNIA

<b>CA CLOSURES</b>	The Office of Tax Appeals is maintaining its scheduled hearings in Sacramento, Los Angeles, and Fresno. Taxpayers requesting an oral hearing are offered the option to have the hearing telephonically, postponed, or the decision based on the written record.
<b>CA LOGISTICS</b>	<p>The California Judicial Council adopted Emergency Rules to the California Rules of Court, effective as of June 11, 2020.</p> <p>In August 2020, the Office of Tax Appeals announced that OTA would not conduct in-person oral hearings so long as the Governor’s Executive Order N-25-20 remains in place. Taxpayers may request an online hearing held using either videoconferencing or teleconferencing technology, or may seek a determination based on the written record without an oral hearing. <b>[Remote Property Tax Appeals Guidance]</b> In a letter issued on December 16, 2020 the California State Board of Equalization updated its guidance to county assessors. The letter states that the appeals board has the authority and option to provide either an in-person or remote hearings and the taxpayer has the right to reject such a hearing request and receive a postponement until the other type of hearing can be scheduled. Further the letter discusses the process for resolving technology issues that may arise during a remote hearing, and for electronic submission and presentation of evidence.</p>
<b>CA NEXUS &amp; SOURCING</b>	Out-of-state employers will not trigger nexus solely due to the fact that employees are working remotely from California.

STATES—CONNECTICUT

CT WEBSITE	<a href="https://portal.ct.gov/DRS">https://portal.ct.gov/DRS</a>
CT FILING & PAYMENT EXTENSIONS	<p><b><u>Extensions for Filings/Payments Due in 2021:</u></b>  <b>[Individual Filing Extension]:</b> On March 18, 2021, the Connecticut Department of Revenue Services announced that the due date for 2020 individual income tax filing and payment was extended to May 17, 2021. This extension only applies for the following forms: CT-1040, CT-1040NR/PY and CT-1040EXT. This extension does not apply to filing or payment of estimated taxes.</p> <p><b><u>Extensions for Filings/Payments Due in 2020:</u></b>  <b>[Business]:</b> Extended filing and payment deadlines for some business tax returns due on or after March 15, 2020 and before July 15, 2020. (CT-1065/CT-1120 pass-through entity tax returns, CT-990T unrelated business income tax returns, CT-1041 Trust and Estate tax returns, CT-1120 and CT-1120CU corporation business returns, and estimated taxes due on the above-listed returns.)  <b>[Individuals]:</b> Individuals’ returns will follow IRS relief. Accordingly, the filing and payment deadline was extended to July 15, 2020. The extension also applied to estimated income tax payments for the first and second quarters of 2020. The deadline for filing an amended 2016 Form CT-1040, CT-1040NR/PY, or CT-1040 has not been extended.  <b>[Sales and Room Occupancy Taxes]:</b> The deadline for eligible taxpayers to file and pay Sales Tax and Room Occupancy Tax was extended to May 31, 2020.  <b>[Emergency Motor Vehicles]:</b> Certain International Fuel Tax Agreement (IFTA) credentialing rules are temporarily waived to ensure the flow of critical goods—including medical and sanitary supplies, food, fuel, and other items of necessity—reach their destination in Connecticut without interruption. The waiver applies to commercial motor vehicles based outside of Connecticut that transport emergency relief supplies into the state.  <b>[Earned Income Tax Credit]:</b> The deadline to submit additional documentation for a Connecticut EITC claim was extended to July 15, 2020.  <b>[Gift Tax Returns]:</b> The filing and payment deadline for gift tax returns reporting gifts made in taxable year 2019 was automatically extended from April 15, 2020 to July 15, 2020. This extension did not apply to estate tax.  <b>[Taxes: real property, personal property or motor vehicles, and water, sewer, and electric rates, charges and assessments]:</b> Executive Order No. 7S: Municipalities required to select and implement either the Deferment Program or Low Interest Program or both. The Deferment Program provides for a 90-day deferment from the time the amount becomes due and payable. Certain amounts held in escrow accounts by mortgage servicers or financial institutions were required to be paid so long as the borrower remained current on their mortgage. The Low Interest Rate Program provides for a 3 percent cap on the interest rate due on the principal amount of delinquent payments. The low interest period runs for 90 days from the date the payment is due and payable.</p> <ul style="list-style-type: none"> <li>• <a href="#">Executive Order No. 9R</a>: Extends the application of both programs to payments due January 1, 2021.</li> </ul>
CT ENFORCEMENT	<p><b>[Collection Activities]:</b> As of April 17, 2020, any taxpayer who is the subject of a payment plan, bank warrant, wage execution, or other levy by DRS and needs relief or assistance because of the impact of COVID-19, may contact DRS directly to speak to a tax professional. Please <a href="#">click here</a> for more information.</p>



## STATES—CONNECTICUT

<b>CT CLOSURES</b>	Effective end of business March 17, 2020, the Connecticut Department of Revenue Services (DRS) branch offices are closed to the public until further notice.  All business with DRS can be conducted electronically, by telephone, or by written correspondence.
<b>CT NEXUS &amp; SOURCING</b>	<b>[H.B. 6516]:</b> <ul style="list-style-type: none"><li>• This bill provides Connecticut residents relief for their 2020 state income tax liability with a full credit for income taxes they were required to pay another state, if the Connecticut resident worked in Connecticut but paid income taxes to another state due to that other state's convenience of the employer rule or if the state taxed the Connecticut resident's income while the resident was working remotely from Connecticut for the tax year due to COVID-19-related restrictions. Additionally, the law allows a Connecticut resident to claim a credit for income tax paid to another state if that state requires nonresident employees to pay nonresident income tax on income earned while the nonresident employee was working remotely from Connecticut due to the COVID-19 pandemic.</li><li>• CT DRS may not consider the activities of an employee who worked remotely from the state during the 2020 tax year solely due to COVID-19 in determining whether an employer has nexus with the state for purposes of any Connecticut tax. Such taxes include corporation business, pass-through entity, sales and use, and withholding taxes.</li></ul>
<b>CT OTHER</b>	<b>[CARES Act]:</b> The Office of the Commissioner has issued guidance addressing the Connecticut tax implications of the CARES Act, including NOLs and Qualified Improvement Property. Please <a href="#">click here</a> for more information.

## DISTRICT OF COLUMBIA

DC WEBSITE	<a href="https://otr.cfo.dc.gov/node/1468206">https://otr.cfo.dc.gov/node/1468206</a>
DC FILING & PAYMENT EXTENSIONS	<p><b><u>Extensions for Filings/Payments Due in 2021:</u></b></p> <p><b>[Individuals and Businesses Estimated Tax]:</b> An announcement clarified the deadlines for individual and business taxpayers to file their Tax Year 2020 estimated tax payments (Forms D-40ES, D-41ES, D-20ES, and D-30ES) remain unchanged.</p> <p><b>[Individuals and Businesses 2020 Tax Deadline]:</b> On March 19, 2021, the District of Columbia announced that they automatically extended the deadline to file and pay all income tax returns until May 17, 2021. This extension applies to all D-20, D-30, D-40, Standalone Schedule H, D-41, D-40B, and D-65 tax filers, and includes combined return filers.</p> <p><b>[Real Property Tax Filers for Their 2020 Tax Liability]:</b> On March 22, 2021 the Office of Tax and Revenue (the “OTR”) extended the deadlines for real property tax filers had an extended deadline to appeal a first level tax assessment (to April 15, 2021), file an Exempt Property Annual Use Report (to May 3, 2021), and file an Income and Expense Report (to May 17, 2021).</p> <p><b><u>Extensions for Filings/Payments Due in 2020:</u></b></p> <p><b>[Businesses and Individuals]:</b> The deadline for taxpayers to file and pay their 2019 District of Columbia individual and fiduciary income tax returns, partnership tax returns, and franchise tax returns was extended to July 15, 2020. This extension applied to all D-20, D-30, D-40, D-41, D-40B, and D-65 tax filers, and includes combined return filers.</p> <p><b>[All Businesses (except hotels and motels)]:</b> Interest and late payment penalties of sales and use taxes were waived for periods ending on February 29, 2020 and March 31, 2020 provided that payment of all taxes due for these periods were paid in full by July 20, 2020. Taxpayers must have timely filed.</p> <p><b>[Real Property Tax Filers]:</b> Real property tax filers had an extended deadline to appeal a real property tax assessment (to May 15, 2020), file an Exempt Property Annual Use Report (to May 15, 2020), and file an Income and Expense Report (to June 1, 2020). In addition, property owners impacted by COVID-19 could apply for a waiver of real property tax penalties and interest.</p>
DC CLOSURES	The OTR walk-in center on 4 <sup>th</sup> Street, SW is closed. Other OTR offices remain open.
DC LOGISTICS	<b>[Digital Signatures]</b> Office of Tax and Revenue issued <a href="#">Tax Notice 2020-08</a> allowing taxpayers and tax professionals to use digital signatures on forms, even forms that cannot be filed electronically.
DC NEXUS & SOURCING	The OTR will not seek to impose corporation franchise tax or unincorporated business franchise tax nexus solely on the basis of employees or property used to allow employees to work from home (e.g., computers, computer equipment, or similar property) temporarily located in the District during the period of the declared public emergency and public health emergency, including any further extensions by the Mayor. <i>See</i> OTR Tax Notice 2020-05.

STATES—ILLINOIS

IL WEBSITE	<a href="https://www2.illinois.gov/rev/Pages/Taxpayer-Resources-during-COVID-19-%28Coronavirus%29-Outbreak.aspx">https://www2.illinois.gov/rev/Pages/Taxpayer-Resources-during-COVID-19-%28Coronavirus%29-Outbreak.aspx</a>
IL FILING & PAYMENT EXTENSIONS	<p><b>Extensions for Filings/Payments Due in 2021:</b>  <b>[Individuals]:</b> Filing and payment deadlines for income tax returns for individuals was extended to May 17, 2021. This does not apply to estimated payments for 2021. Taxpayers that pay estimated taxes will not be assessed for late estimated payment penalty if the amount of the timely-paid installments equals 90% of actual liability for 2021, or 100% of actual liabilities for 2019 or 2020.</p> <p><b>Extensions for Filings/Payments Due in 2020:</b>  <b>[Businesses and Individuals]:</b> Filing and payment deadlines for income tax returns for individuals, trusts, and corporations were extended to July 15, 2020. This did not apply to the first and second installments of estimated payments for 2020 taxes that were due April 15 and June 15, respectively.</p> <p><b>[Qualified Eating &amp; Drinking Establishments]:</b> Qualified eating and drinking establishments (that had a 2019 sales tax liability less than \$75,000) were entitled to relief from penalties and interest on late sales tax payments.</p> <p><b>[Sales Tax Exemptions]:</b> The expiration date for Illinois Sales Tax Exemption ("E") numbers that expired or will expire during calendar year 2020 is extended until December 31, 2020.</p> <p><b>[Estimated Taxes]:</b> The Department provides additional options upon which taxpayers may base their 2020 estimated tax payments and safe harbors for avoiding estimated late payment penalties.</p> <p><b>[Hand Sanitizer Production]:</b> All alcohol purchased for use in the development of hand sanitizer will be tax exempt. Penalties and interest were waived through May 26, 2020 on late-filed, first quarter IFTA returns due April 30, 2020. See <a href="#">Ropes &amp; Gray Alert</a> detailing the Governor's "stay-at-home" proclamation.</p>
IL LOGISTICS	As of June 22, 2020, all IL DOR offices are open to the public and no appointment is required.
IL NEXUS & SOURCING	If an Illinois resident employee has performed work for an out-of-state employer from their home in Illinois for more than 30 days, the employer may be required to register with the Department and withhold applicable taxes.

STATES—MARYLAND

MD WEBSITE	<a href="https://www.marylandtaxes.gov/">https://www.marylandtaxes.gov/</a>
MD FILING & PAYMENT EXTENSIONS	<p><b><u>Extensions for Filings/Payments Due in 2021:</u></b></p> <p><b>[Corporate and Pass-Through Entities]</b> The deadline for income tax filings and payments, and estimated income tax declarations and payments due between January 1, 2021 and April 14, 2021 has been extended to April 15, 2021. Interest and penalties on any unpaid taxes will be assessed from April 16, 2021. This extension applies to any income tax remittance with statutory due dates between January 1, 2021 and April 14, 2021. <i>But see</i> “[Income Tax]” below for new developments.</p> <p><b>[Sales and Use Tax]</b> Extension for payment on sales and use due in March, April and May of 2021 to July 15, 2021. All interest and penalties for late payments on such amounts are waived if the amount is paid on July 15, 2021.</p> <p><b>[Withholding]</b> The deadline for withholding returns and withholding payments due between January 1, 2021 and April 14, 2021 has been extended to April 15, 2021. Any withholding payments originally due between February 1, 2021 and April 14, 2021 may be submitted by April 15, 2021 without incurring interest or penalties. This extension does not apply to withholding returns and payments for all periods through December 31, 2020 including the 2020 year end reconciliations.</p> <p><b>[Individual and Fiduciary]</b> The deadline for filing individual and fiduciary estimated income tax declarations and payments due between January 1, 2021 and April 14, 2021 has been extended to April 15, 2021. <i>But see</i> “[Income Tax]” below for new developments.</p> <p><b>[Income Tax]:</b> All individual, corporate, pass-through entity and fiduciary income tax returns that otherwise would have been due on dates between January 1, 2021 and July 15, 2021 are now due on or before July 15, 2021, such extension includes a waiver of interest and penalties if tax liability is paid by July 15, 2021. This includes first quarter estimated payments typically due on April 15, 2021, and second quarter estimated payments typically due on June 15, 2021.</p> <p><b><u>Extensions for Filings/Payments Due in 2020:</u></b></p> <p><b>[Overview]:</b> Consistent with IRS guidance, the deadline to file returns and pay amounts due was extended to July 15, 2020 for generally all taxpayers with a filing or return deadline falling on or after April 1 and before July 15, 2020. The due date for March quarterly estimated payments for the first and second quarters of 2020 was also extended to July 15, 2020.</p> <p><b>[Business]:</b> Relief consistent with IRS: Payment extensions until July 15, 2020 for LLCs filing as individuals and corporations, for both 2019 and first quarter 2020 estimated payments.</p> <p><b>[Business-Related Taxes]:</b> Extended deadlines for business returns due in February, March, April, and May until July 15, 2020. This applied to sales and use tax, withholding tax, admissions and amusement tax, tobacco and motor fuel excise tax, tire recycling fee, and bay restoration returns.</p> <p><b>[Individuals]:</b> Relief consistent with IRS: Payment extensions until July 15, 2020 for individuals, for both 2019 and first quarter 2020 estimated payments. Individual income tax state returns are due October 15, 2020 if the taxpayer filed for a federal extension.</p>
MD ENFORCEMENT	<ul style="list-style-type: none"> <li>• The Comptroller’s officer is preparing to mail notifications to taxpayers who have unpaid tax liabilities. Recipients of the notice are not required to take action; however, interest will continue to accrue.</li> </ul>
MD LOGISTICS	<ul style="list-style-type: none"> <li>• All Comptroller of Maryland branch offices have reopened with limited staff for appointment-only visits.</li> <li>• Comptroller of Maryland will following IRS guidance regarding digital signature’s for limited documents. This include extensions of statute of limitations on assessment or</li> </ul>

## STATES—MARYLAND

	<p>collection, waivers of statutory notices of deficiency and consents to assessment, or agreements to specific tax matters or tax liabilities (closing or settlement agreements).</p> <ul style="list-style-type: none"><li>• As of May 18, 2020, the Comptroller resumed processing paper returns, including refund requests.</li></ul>
<b>MD NEXUS &amp; SOURCING</b>	<ul style="list-style-type: none"><li>• Employer withholding requirements are not affected by the transition to telework. Taxation continues to be determined by the employee's physical presence.</li></ul>

STATES—MASSACHUSETTS

MA WEBSITES	<p><a href="https://www.mass.gov/orgs/massachusetts-department-of-revenue">https://www.mass.gov/orgs/massachusetts-department-of-revenue</a>  <a href="https://www.mass.gov/info-details/important-covid-19-coronavirus-response-update-from-dor">https://www.mass.gov/info-details/important-covid-19-coronavirus-response-update-from-dor</a></p>
MA DOR DRAFT GUIDANCE	<p>On April 5, 2021, the Massachusetts Department of Revenue issued a working draft of a technical information release discussing various provisions of the state's recently enacted COVID-19 relief bill that relate to personal income tax, including the taxation of some unemployment compensation received in 2020 and 2021; the waiver of specified penalties related to unpaid taxes on 2020 and 2021 unemployment compensation; the taxation of forgiven Paycheck Protection Plan loans; the taxation of some other federal COVID-19-related relief payments; and the due date for 2020 individual income tax returns and payments. <a href="#">Please see link for more information.</a></p>
MA FILING & PAYMENT EXTENSIONS	<p><b><u>Extensions for Filings/Payments Due in 2021:</u></b>  <b>[Individuals]:</b> The state income tax filing deadline was extended to match the May 17, 2021 deadline for filing federal individual income taxes for personal income tax. This postponement extended to first and second installments of estimated taxes. For more information, see <a href="#">TIR 21-2</a>.  <b>[Certain Businesses that paid less than \$150,000 per year of certain sales, meals, and room occupancy taxes]:</b> Postponed collection of regular sales tax, meals tax, and room occupancy taxes that would be due between March 20, 2020–April 30, 2021 but are now due on May 20, 2021. Filing is also due May 20, 2021. Additionally, all penalties and interest that would otherwise apply will be waived. For more information, see <a href="#">830 CMR 64G.1.1</a> and <a href="#">830 CMR 62C.16.2</a>.</p> <p><b><u>Extensions for Filings/Payments Due in 2020:</u></b>  <b>[CARES Act]:</b> The Department of Revenue released guidance addressing the Massachusetts tax implications of many tax provisions included in the CARES Act. The TIR specifically adopts certain sections of the Code that are currently in effect. For more information, see <a href="#">TIR 20-9</a>.  <b>[Individuals]:</b> The state income tax filing deadline was extended to match the July 15, 2020 deadline for filing federal individual income taxes for personal income tax. This postponement extended to first and second installments of estimated taxes. For more information, see <a href="#">TIR 20-4</a>.  <b>[Corporate Excise Taxpayers]:</b> Late-file and late-pay penalties were waived for returns and payments due April 15, 2020 if such returns and payments were filed and made by July 15, 2020. Interest still accrued. For more information, see <a href="#">TIR 20-4</a>.  <b>[Certain Businesses that paid less than \$150,000 per year of certain sales, meals, and room occupancy taxes]:</b> Postponed collection of regular sales tax, meals tax, and room occupancy taxes that would be due between March 20, 2020–April 30, 2021 but are now due on May 20, 2021. Filing is also due May 20, 2021. Additionally, all penalties and interest that would otherwise apply will be waived. For more information, see <a href="#">830 CMR 64G.1.1</a> and <a href="#">830 CMR 62C.16.2</a>.  <b>[Certain Vendors and Operators that did not qualify for previous state tax relief]:</b> Waiver of any late-file or late-pay penalties imposed on certain taxes during March 20, 2020–April 30, 2021. Interest will continue to accrue. For more information, see <a href="#">TIR 20-12</a>.</p>
MA ENFORCEMENT	<ul style="list-style-type: none"> <li>• Taxpayers may seek relief on certain compliance actions including appeals, audits, collections, and litigation.</li> </ul>
MA CLOSURES	<ul style="list-style-type: none"> <li>• The <a href="#">Supreme Judicial Court Fourth Updated Order</a>, effective September 17, 2020, has been scaled back due to MA's current situation with COVID crisis. Phase 1, which will begin</li> </ul>

## STATES—MASSACHUSETTS

	<p>the week of January 11, 2021, calls for jury trials with juries of six. Phase 1 will last for two months.</p> <ul style="list-style-type: none"> <li>• The Trial Court department has issued Trial Court Emergency <a href="#">Administrative</a> Order 20-8 establishing specific operational protocols effective May 4, 2020.</li> <li>• All Department of Revenue tax and child support walk-in centers closed.</li> <li>• <a href="#">Appellate Tax Board</a>: The ATB is closed. Materials may still be mailed to ATB, and ATB will continue to monitor phone messages. The ATB holds conferences on an as-needed basis. All in-person hearings have been suspended, but parties may be heard by telephone or video.</li> <li>• The Massachusetts Department of Revenue is notifying MassTaxConnect users that the system will be unavailable from 5:00 pm on Friday, January 15, 2021 until 6 am on Tuesday, January 19, 2021 for an upgrade.</li> </ul>
<p><b>MA LOGISTICS</b></p>	<ul style="list-style-type: none"> <li>• The Massachusetts DOR will work with taxpayers to allow electronic signatures on certain forms. Any form bearing an electronic signature must be accompanied by a statement in the cover letter or transmission email attesting to the signature’s validity. <a href="#">Directive 20-1</a>.             <ul style="list-style-type: none"> <li>○ Example of the statement is as follows: “The attached [insert document name] includes [insert name of taxpayer or representative]’s valid signature and the taxpayer intends to transmit the document to the Massachusetts Department of Revenue.”</li> <li>○ The SJC has the authorized use of electronic signatures for attorneys and self-represented parties.</li> </ul> </li> <li>• <b>[Notarization of all DOR Forms]</b>: A notary public may perform a notarial act using electronic video conferencing. This procedure is applicable to all DOR forms requiring a notarial act. Effective until 3 days after termination of the Governor’s March 10, 2020 Declaration of a State of Emergency.</li> </ul>
<p><b>MA NEXUS &amp; SOURCING</b></p>	<ul style="list-style-type: none"> <li>• Massachusetts temporarily treats the income of non-resident employees who worked in Massachusetts immediately prior to the pandemic, and who began telecommuting from another state on behalf of a Massachusetts business due to certain pandemic-related circumstances, as Massachusetts source income requiring personal income tax withholdings.</li> <li>• With respect to resident employees who previously worked outside of Massachusetts, an employer need not withhold Massachusetts income taxes with respect to such employees to the extent the employer is required to withhold for the employees in another state.</li> <li>• Massachusetts will continue to tax all income earned by residents from any source. However, a resident who performed services from outside of Massachusetts prior to the pandemic, but who began performing such services in Massachusetts due to pandemic-related circumstances, will be eligible for a credit for income taxes paid to the state where the employee previously provided services.</li> <li>• For the duration of the COVID-19 state of emergency, the presence of employees in the state or business property reasonably necessary for the employees’ use will not affect an employer’s nexus with respect to sales and use or corporate excise tax liabilities, apportionment calculations, or liabilities under the Paid Family and Medical Leave Act, so long as the employees were present due to certain pandemic-related circumstances.</li> <li>• On December 8, 2020, Massachusetts announced these sourcing rule will remain in effect until 90 days after the COVID-19 state of emergency in Massachusetts expires.</li> <li>• For more information, see <a href="#">TIR 20-15</a> (which supersedes both TIR 20-10 and TIR 20-05) and emergency regulation <a href="#">830 CMR 62.5A.3</a>.</li> </ul>

STATES—NEW JERSEY

NJ WEBSITE	<a href="https://www.state.nj.us/treasury/taxation/">https://www.state.nj.us/treasury/taxation/</a>
NJ FILING & PAYMENT EXTENSIONS	<p><b><u>Extensions for Filings/Payments Due in 2021:</u></b></p> <p><b>[Individuals]:</b> New Jersey automatically extended the 2020 Income Tax filing due date for individual from April 15, 2021, until May 17, 2021. This extension does not include first quarter estimated payments, which are still due by April 15, 2021.</p> <p><b>[Pass-through Business Alternative Income Tax]:</b> New Jersey is allowing forms PTE Election, PTE-100 (tax return) and PTE Revocation of Election and payments associated with them to be filed on May 17, 2021, without penalty or interest. The due date for PTE-200-T (extension of time to file PTE-100) has received a 6-month extension from March 15 to September 15.</p> <p><b>[Corporation Business Tax]:</b> Taxpayers with returns (Forms CBT-100, CBT-100U, BFC-1, and CBT-100S) that have an original due date that falls anytime between November 15, 2020 and April 15, 2021, are granted an automatic extension to file their tax returns by May 15, 2021. A taxpayer will not be charged late filing penalties if the return is filed by May 15, 2021. This extension applies only to the filing of the return and does not extend the time to make all required payments.</p> <p><b><u>Extensions for Filings/Payments Due in 2021:</u></b></p> <p><b>[Business, Individual]:</b> Enacted legislation extended deadlines for Individual Gross Income, Partnership, and Corporation Business Tax returns to July 15, 2020. Second quarter estimated payments were due on the original date. Corporations who received an extension to file calendar year returns will not receive a late filing penalty if the return is filed no later than November 16, 2020 (a 30 day extension). 2019 fiscal year filers who have an extended fiscal year federal return are also eligible for the 30 day extension.</p> <p><b>[Property Tax]:</b> Municipal governments were permitted to extend the grace period for property tax payments due May 1, 2020 until June 1, 2020. The filing deadline for property tax appeals at the county boards of taxation in counties operating under the “traditional” assessment calendar was extended from April 1, 2020 to July 1, 2020. Boards of taxation also have until Sept. 30, 2020 to render decisions on appeals before them.</p> <p><b>[Sales Tax and Surcharges]:</b> Surcharges imposed by businesses to cover COVID-19 prevention costs are taxable if the underlying service or product being sold is subject to NJ sales tax.</p> <p><b>[Corporate Business Tax Returns]:</b> On October 15, 2020 Governor Murphy signed an executive order that extends the filing deadline for 2019 Corporate Business Tax (CBT) calendar year returns being filed under extension to November 16, 2020, due to the ongoing COVID-19.</p>
NJ ENFORCEMENT	<ul style="list-style-type: none"> <li>• The timeframe for taxpayers to file a tax appeal with the NJ Tax Court or the NJ County Boards of Taxation, or an administrative protest with the NJ Division of Taxation, has been extended until the later of May 1, 2020 or 30 days after the Governor determines the State of Emergency has ended.</li> <li>• With respect to the statute of limitations for when the state can audit a return, P.L. 2020, c. 19 extends both the original assessment time period and the consent period during which a taxpayer may agree to an extension by an additional 90 days after the COVID-19 state of emergency has been lifted.</li> </ul>



## STATES—NEW JERSEY

	<ul style="list-style-type: none"> <li>○ In addition, the new law extends the time period that must elapse before the state is required to pay interest on refunds.</li> </ul>
<b>NJ CLOSURES</b>	<ul style="list-style-type: none"> <li>• For updates on Tax Court hearings, call (609) 421-6100.</li> <li>• All service centers are currently closed. The Trenton Regional Information Center reopened to the public on July 8 by appointment only.</li> </ul>
<b>NJ LOGISTICS</b>	<ul style="list-style-type: none"> <li>• <b>[Electronic Signature]:</b> The New Jersey Division of Taxation will accept scanned images of signatures and digital signatures on documents if the document does not require an original paper form with signature to be mailed.</li> </ul>
<b>NJ NEXUS &amp; SOURCING</b>	<ul style="list-style-type: none"> <li>• The Division will temporarily waive the impact of the legal threshold within N.J.S.A. 54:10A-2 and N.J.A.C. 18:7-1.9(a) which treats the presence of employees working from their homes in New Jersey as sufficient nexus for out-of-state corporations.</li> <li>• The Division will not impose Sales Tax nexus on an out-of-state seller that does not maintain a physical presence in the state, aside from the presence of employees temporarily working from home, and otherwise remains below certain economic thresholds.</li> <li>• Individual taxpayers may use a different allocation method to reconcile their 2020 nonresident income allocation on their 2020 state individual income tax returns, if warranted. In addition, wage income will continue to be sourced as determined by the employer and the employer's jurisdiction.</li> </ul>

STATES—NEW YORK

NY WEBSITE	<a href="https://www.tax.ny.gov/press/alerts/nys-tax-response-to-covid-19.htm">https://www.tax.ny.gov/press/alerts/nys-tax-response-to-covid-19.htm</a>
NY FILING & PAYMENT EXTENSIONS	<p><b><u>Extensions for Filings/Payments Due in 2021:</u></b></p> <ul style="list-style-type: none"> <li>Individual state income tax filing and payment deadline extended to May 17, 2021.</li> <li>On March 25, 2021, NYC Department of Finance issued a memorandum explaining that the department is encouraging individual unincorporated business tax (IUBT) filers to request a filing and payment extension; late filing and payment penalties will be waived for IUBT taxpayers who obtain an extension and file their returns and make their payments by May 17, 2021, although interest will accrue on all tax payments received after the original due date of April 15, 2021</li> </ul> <p><b><u>Extensions for Filings/Payments Due in 2020:</u></b></p> <p><b>[Businesses]:</b> Sales tax vendors affected by COVID-19 were permitted to apply to have penalties and interest waived if they were unable to file or pay by the March 20, 2020 due date. Interest and late filing and payment penalties were abated until June 22, 2020.</p> <p><b>[Businesses and Individuals]:</b> Personal income tax and corporate tax returns and payments originally due on April 15, 2020 were extended to July 15, 2020, without penalties and interest.</p> <p><b>[Real Property Tax]:</b> The Governor suspended certain real property tax and county laws to provide local governments options related to assessment rolls and grievance day and property tax payments.</p> <ul style="list-style-type: none"> <li>NYC – Property Tax - <a href="#">Emergency Executive Order No. 172</a> suspended NYC Rule 21 RCNY 3-02(c)(10) which disallows electronic applications for administrative review of a tentative real property tax assessment. Applications can be filed electronically pursuant to instructions on the Tax Commission's website.</li> </ul>
NY ENFORCEMENT	<ul style="list-style-type: none"> <li>The Tax Appeals Tribunal and Division of Tax Appeals have not automatically extended deadlines. The agencies remain open with a limited staff and will accept, but do not encourage, in-person filings.</li> </ul>
NY CLOSURES	<ul style="list-style-type: none"> <li>All hearings currently scheduled before the Division of Tax Appeals through July 24, 2020 were rescheduled.</li> </ul>
NY LOGISTICS	<ul style="list-style-type: none"> <li><b>[Electronic Signatures]:</b> Legislation passed enabling the Department to determine which documents it would accept electronic fillings and signatures.</li> <li>The Tax Appeals Tribunal and Division of Tax Appeals will accept digitally signed documents that are accompanied by a verification statement. This procedure applies to all documents, except for a taxpayer’s signature on a Power of Attorney, which cannot be electronically signed.</li> <li>The Tax Court Tribunal resumed in-person hearings in Albany in August.</li> <li>Tax Appeals does not anticipate that it will be able to conduct Division of Tax Appeals (“DTA”) hearings or Tribunal oral arguments outside of Albany through March 31, 2021.</li> <li>All in-person hearings scheduled before DTA through February 28, 2021 will be converted to virtual hearings and held on the same date and time as scheduled.</li> </ul>
NY SOURCING	<ul style="list-style-type: none"> <li>In <a href="#">FAQs</a>, the Department of Taxation and Finance clarified that nonresidents whose primary office is in New York will be subject to New York tax earned on days spent telecommuting during the pandemic, unless the employer establishes a bona fide office in the telecommuting state.</li> </ul>

STATES—RHODE ISLAND

<p>RI WEBSITE</p>	<p><a href="http://www.tax.ri.gov/COVID/">http://www.tax.ri.gov/COVID/</a> <a href="http://www.tax.ri.gov/">http://www.tax.ri.gov/</a></p>
<p>RI FILING &amp; PAYMENT EXTENSIONS</p>	<p><b><u>Extensions for Filings/Payments Due in 2021:</u></b> <b>[Individuals]:</b> The Division of Taxation announced deadline for filing Rhode Island resident and nonresident personal income tax returns for the 2020 tax year has been extended from April 15, 2021 to May 17, 2021. This extension does not apply to single member limited liability companies. See <a href="#">announcement</a>.</p> <p><b><u>Extensions for Filings/Payments Due in 2020:</u></b> <b>[Businesses and Individuals]:</b> The deadline for many personal income tax and business tax returns was extended to July 15, 2020.</p>
<p>RI LOGISTICS</p>	<ul style="list-style-type: none"> <li>• Rhode Island Division of Taxation will accept electronic signatures on:             <ul style="list-style-type: none"> <li>○ Forms RI-71.3 Election to Have Withholding Based on Gain</li> <li>○ RI-71.3 Remittance of Withholding on Sale of Real Estate by Nonresident</li> </ul> </li> <li>• Formal administrative hearings were postponed until after May 25, 2020.</li> <li>• Prehearing conferences and status conferences were not postponed.</li> <li>• Although the Department of Taxation is open, taxpayers are encouraged to continue using available online and telephonic tools to avoid coming into the office.</li> <li>• <b>[Electronic Signatures]:</b> The <a href="#">Rhode Island Division of Taxation</a> has announced that in light of COVID-19, it is allowing electronic signatures on certain Forms.             <ul style="list-style-type: none"> <li>○ Form T-71 – “Insurance Companies Tax Return of Gross Premiums”</li> <li>○ Form T-71A – “Surplus Line Broker Return of Gross Premiums”</li> <li>○ Form T-72 – “Public Service Corporation Gross Earnings Tax Return”</li> <li>○ Form T-74 – “Banking Institution Excise Tax Return”</li> <li>○ Form T-86 – “Bank Deposits Tax”</li> <li>○ Form RI-71.3 Election – “Election to Have Withholding Based on Gain”</li> <li>○ Form RI-71.3 Remittance – “Remittance of Withholding on Sale of Real Estate by Nonresident”</li> </ul> </li> </ul>
<p>RI NEXUS &amp; SOURCING</p>	<ul style="list-style-type: none"> <li>• Employers should withhold RI income taxes on employees who are temporarily working out of state due to COVID-19. This guidance is effective until November 18, 2020.             <ul style="list-style-type: none"> <li>○ On November 23, 2020, the Rhode Island Division of Taxation announced it is extending the withholding tax guidance for employers with employees who are working remotely on a temporary basis because of COVID-19 until January 18, 2021.</li> <li>○ On November 25, 2020, the Rhode Island Division of Taxation announced grants for eligible businesses that will be subject to restrictions amid the two week pause.                 <ul style="list-style-type: none"> <li>▪ On November 27, 2020, the online application for this new grant was made available and on December 2, 2020, the grant was modified to allow eligible business the option to use their gross receipts.</li> </ul> </li> <li>○ The Rhode Island Division of Taxation announced it was extending the withholding tax guidance for employers with employees who are working remotely on a temporary basis because of COVID-19 until May 18, 2021.</li> </ul> </li> </ul>

## STATES—VIRGINIA

### VA WEBSITE

<https://www.tax.virginia.gov/>

### VA FILING & PAYMENT EXTENSIONS

#### **Extensions for Filings/Payments Due in 2021:**

**[Individual]:** Individual income tax returns and payments required to be made with such returns for Taxable Year 2020 that were originally due May 1, 2021 are now due on or before May 17, 2021. In addition, no interest will apply so long as a return is filed and full payment is made by May 17, 2021.

#### **Extensions for Filings/Payments Due in 2020:**

**[Businesses]:** Businesses impacted by COVID-19 could request to defer the payment of state sales tax due March 20, 2020, for 30 days. When granted, businesses were able to file no later than April 20, 2020 with a waiver of any penalties.

**[Businesses and Individuals]:** Individual, corporate, and fiduciary income tax payments were due June 1, 2020. While filing deadlines remained the same, the due date for individual and corporate income tax was June 1, 2020.

**[Interest Waiver]:** Taxpayers with extended payment deadlines had statutory interest waived if full payment was made by the applicable extended deadline.