



CCM COVID-19 ALERT

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Treasury Delays April 15 Tax Deadline by 90 Days for Millions

Treasury Secretary Steven Mnuchin announced that his department is pushing back the April 15 deadline to pay any federal income tax liability, giving individuals and many businesses 90 extra days to pay taxes they owe.

Individuals can defer up to \$1 million of tax liability and corporations get an extension on up to \$10 million, Mnuchin said Tuesday at a press conference.

“All you have to do is file your taxes,” he said. “You’ll automatically not get charged interest and penalties.”

The payment extension, which affects millions of taxpayers, is part of the Trump administration’s effort to curb the economic effects of the coronavirus pandemic. Mnuchin said the delay will free \$300 billion of liquidity in the economy as individuals and businesses have more time to pay their taxes.

The administration anticipates that delaying payment requirements will ease cash flow obligations of businesses and individuals affected by the pandemic, particularly those in the hospitality, entertainment and transportation industries.

The administration is also considering delaying the estimated quarterly tax payments that self-employed workers and businesses pay the IRS throughout the year.

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The first installment of estimated taxes is typically due April 15.

Wealthier individuals may benefit the most from delayed payment obligations because they are more likely to owe the government money and be able to wait until the filing deadline to submit their returns, said John Koskinen, a former IRS commissioner.

Lower-income workers, especially those who qualify for refundable tax breaks such as the child tax credit and the earned income tax credit, tend to file early because they are usually entitled to a refund.

“The number of blue-collar workers, working class people, I imagine, who are filing in the first two weeks of April is probably a very small percentage,” Koskinen said.

Many higher-income people, especially those who own a business or invest in multiple partnerships, often apply for an automatic six-month extension to file because their returns are more complicated. In a typical year, these individuals must submit 90% of their tax liability on April 15 or be subject to interest and penalties on the late payment of tax.

Nearly 68 million individuals had already filed their tax returns as of March 6, according to the most recent statistics from the IRS. That's about 45% of the returns the agency expects to receive this year.

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