

Internal Revenue Service Initiatives in Response to Covid-19 Crisis

The Internal Revenue Service (“IRS”) has announced the following initiatives to assist taxpayers during the COVID-19 crisis.

I. **Tax Filing Date Extended**. The Treasury Department and IRS have announced that the federal income tax filing due date is automatically extended from April 15, 2020, to July 15, 2020 (this applies to income tax returns for individuals, trusts and C-corporations). Taxpayers can also defer federal income tax payments due on April 15, 2020, to July 15, 2020, without penalties and interest, regardless of the amount owed. This deferment applies to all taxpayers, including individuals, trusts and estates, corporations and other non-corporate tax filers as well as those who pay self-employment tax. Taxpayers do not need to file any additional forms or call the IRS to qualify for this automatic federal tax filing and payment relief. Individual taxpayers who need additional time to file beyond the July 15 deadline, can request a filing extension by filing Form 4868 through their tax professional, tax software or using the Free File link on IRS.gov. Businesses who need additional time must file Form 7004.

II. **People First Initiative**. The new IRS People First Initiative provides immediate relief to help people facing uncertainty over taxes by temporarily adjusting certain processes to help people and businesses during the COVID-19 crisis. These new changes include issues ranging from postponing certain payments related to Installment Agreements and Offers in Compromise to collection and limiting certain enforcement actions. The IRS will be temporarily modifying the following activities as soon as possible; the projected start date will be April 1 and the effort will initially run through July 15. During this period, to the maximum extent possible, the IRS will avoid in-person contacts. However, the IRS will continue to take steps where necessary to protect all applicable statutes of limitations. More specifics about the implementation of these provisions will be shared soon. Highlights of the key actions in the IRS People First Initiative include:

A. **Existing Installment Agreements** –For taxpayers under an existing Installment Agreement, payments due between April 1 and July 15, 2020 are suspended. Taxpayers who are currently unable to comply with the terms of an Installment Payment Agreement, including a Direct Debit Installment Agreement, may suspend payments during this period if they prefer. Furthermore, the IRS will not default any Installment Agreements during this period. By law, interest will continue to accrue on any unpaid balances.

B. **New Installment Agreements** – The IRS reminds people unable to fully pay their federal taxes that they can resolve outstanding liabilities by entering into a monthly payment agreement with the IRS.

C. **Offers in Compromise (OIC)** – The IRS is taking several steps to assist taxpayers in various stages of the OIC process:

1. **Pending OIC applications** – The IRS will allow taxpayers until July 15 to provide requested additional information to support a pending OIC. In addition, the IRS will not close any pending OIC request before July 15, 2020, without the taxpayer's consent.

2. **OIC Payments** – Taxpayers have the option of suspending all payments on accepted OICs until July 15, 2020, although by law interest will continue to accrue on any unpaid balances.

3. **Delinquent Return Filings** - The IRS will not default an OIC for those taxpayers who are delinquent in filing their tax return for tax year 2018. However, taxpayers should file any delinquent 2018 return (and their 2019 return) on or before July 15, 2020.

4. **New OIC Applications** – The IRS reminds people facing a liability exceeding their net worth that the OIC process is designed to resolve outstanding tax liabilities by providing a "Fresh Start."

D. **Non-Filers** –The IRS reminds people who have not filed their return for tax years before 2019 that they should file their delinquent returns. More than 1 million households that haven't filed tax returns during the last three years are actually owed refunds; they still have time to claim these refunds. Many should consider contacting a tax professional to consider various available options since the time to receive such refunds is limited by statute. Once delinquent returns have been filed, taxpayers with a tax liability should consider taking the opportunity to resolve any outstanding liabilities by entering into an Installment Agreement or an Offer in Compromise with the IRS to obtain a "Fresh Start."

E. **Field Collection Activities** - Liens and levies (including any seizures of a personal residence) initiated by field revenue officers will be suspended during this period. However, field revenue officers will continue to pursue high-income non-filers and perform other similar activities where warranted.

F. **Automated Liens and Levies** – New automatic, systemic liens and levies will be suspended during this period.

G. **Passport Certifications to the State Department** – IRS will suspend new certifications to the Department of State for taxpayers who are "seriously delinquent" during this period. These taxpayers are encouraged to submit a request for an Installment Agreement or, if applicable, an OIC during this period. Certification prevents taxpayers from receiving or renewing passports.

H. **Private Debt Collection** – New delinquent accounts will not be forwarded by the IRS to private collection agencies to work during this period.

I. **Field, Office and Correspondence Audits** – During this period, the IRS will generally not start new field, office and correspondence examinations. We will continue to work refund claims where possible, without in-person contact. However, the IRS may start new examinations where deemed necessary to protect the government's interest in preserving the applicable statute of limitations.

J. **In-Person Meetings** - In-person meetings regarding current field, office and correspondence examinations will be suspended. Even though IRS examiners will not hold in-person meetings, they will continue their examinations remotely, where possible. To facilitate the progress of open examinations, taxpayers are encouraged to respond to any requests for information they already have received - or may receive - on all examination activity during this period if they are able to do so.

K. **Unique Situations** - Particularly for some corporate and business taxpayers, the IRS understands that there may be instances where the taxpayers desire to begin an examination while people and records are available and respective staffs have capacity. In those instances when it's in the best interest of both parties and appropriate personnel are available, the IRS may initiate activities to move forward with an examination -- understanding that COVID-19 developments could later reduce activities for an agreed period.

L. **General Requests for Information** - In addition to compliance activities and examinations, the IRS encourages taxpayers to respond to any other IRS correspondence requesting additional information during this time if possible.

M. **Earned Income Tax Credit and Wage Verification Reviews** – Taxpayers have until July 15, 2020, to respond to the IRS to verify that they qualify for the Earned Income Tax Credit or to verify their income. These taxpayers are encouraged to exercise their best efforts to obtain and submit all requested information, and if unable to do so, please reach out to the IRS indicating the reason such information is not available. Until July 15, 2020, the IRS will not deny these credits for a failure to provide requested information.

N. **Independent Office of Appeals** – Appeals employees will continue to work their cases. Although Appeals is not currently holding in-person conferences with taxpayers, conferences may be held over the telephone or by videoconference. Taxpayers are encouraged to promptly respond to any outstanding requests for information for all cases in the Independent Office of Appeals.

O. **Statute of Limitations** - The IRS will continue to take steps where necessary to protect all applicable statutes of limitations. In instances where statute expirations might be jeopardized during this period, taxpayers are encouraged to cooperate in extending such statutes. Otherwise, the IRS will issue Notices of Deficiency and pursue other similar actions to protect the interests of the government in preserving such statutes. Where a statutory period is not set to expire during 2020, the IRS is unlikely to pursue the foregoing actions until at least July 15, 2020.

P. **Practitioner Priority Service** – Practitioners are reminded that, depending on staffing levels and allocations going forward, there may be more significant wait times for the PPS. The IRS will continue to monitor this as situations develop.

The IRS will continue to review and, where appropriate, modify or expand the People First Initiative as it continues to review its programs and receive feedback from others.