

COVID-19 Tax Update

by Karen A. Hayes

A FREEBORN & PETERS LLP CLIENT ALERT

In recent days, the Internal Revenue Service and Illinois state taxing authorities have announced various steps that are being taken to provide relief to taxpayers during the COVID-19 crisis.

Highlights of the key changes include:



Federal:

- **Tax Day Extended:** The tax filing deadline for 2019 individual tax returns has been extended from April 15, 2020, to July 15, 2020. In addition, all taxpayers can defer federal income tax payments due on April 15 to July 15 without incurring interest or penalties.
- **Employer Tax Credit:** Eligible employers who pay sick leave or family leave wages due to COVID-19 may be entitled to claim a refundable payroll tax credit. For more information, see this [Alert](#).
- **Audits and Collections:** The IRS announced that it will institute a new “People First Initiative” designed to ease the burden of taxpayers who are facing tax issues. The new initiative will include temporary changes in IRS processes for audits, collections for delinquent taxes, payment plans for outstanding tax liabilities, and other similar activities.

Illinois:

- **Tax Day Extended:** The filing and payment deadline for all taxpayers who file and pay Illinois state income taxes on April 15, 2020, has been extended to July 15, 2020.
- **Late Sales Tax Relief for Restaurants and Bars:** The Illinois Department of Revenue is waiving penalties and interest for late sales tax remittance by qualifying restaurants and bars for sales taxes that are due for the February, March and April reporting periods. The late sales tax relief applies to eating and drinking establishments that incurred a total sales tax liability of less than \$75,000 in calendar year 2019. Sales tax returns still must be filed by the original due date, but the taxes are not required to be paid until four dates beginning May 20, 2020.
- **Estate Tax:** The Illinois Attorney General announced that estates with tax returns and payments due between March 16, 2020, and April 15, 2020, will receive a 30 day extension for filing and payment.

If you have questions, please contact Karen Hayes and stay tuned for more developments on [Freeborn’s COVID-19 webpage](#).

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Karen advises clients federal income tax matters. She represents corporations, partnerships and private equity funds involved in a variety of taxable and non-taxable transactions, domestic and cross-border mergers and acquisitions, divestitures, investments, reorganizations, partnerships and joint ventures. In addition, Karen has represented tax credit syndicators, banks and other institutional investors with respect to investments in affordable housing projects.

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