



To Our Clients and Friends:

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Internal Revenue Services Eases Taxpayers' Audit and Compliance Burdens in Response to Coronavirus

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On March 25, 2020, the Internal Revenue Service ("IRS") issued Information Release 2020-59, outlining measures to ease taxpayers' burdens during the Covid-19 outbreak. These measures follow closely on the heels of the previously-announced and much-discussed extension of the 2019 income tax return filing deadline to July 15, 2020.

Installment Agreements and Offers in Compromise

Payments that would otherwise have to be made under existing Installment Agreements and Offers in Compromise from Wednesday, April 1, 2020, through Wednesday, July 15, 2020, have been postponed until at least July 15. It is not currently clear whether the postponed payments will become due on July 15, or whether those payments will be allocated across the remaining payment periods. The IRS has also indicated that the July 15th end date for this relief program is preliminary, and the IRS can extend the relief to a later date if necessary. Such an extension would be program-wide, and not based on individual taxpayers' facts.

The IRS can generally rescind its acceptance of a taxpayer's Offer in Compromise if the taxpayer does not keep current on future filing and payment obligations. However, under the new initiative, taxpayers whose Offers in Compromise are now in effect, but who are currently delinquent in filing their 2018 tax returns, have been given until July 15 to file those returns before they risk having those Offers in Compromise rescinded for noncompliance. No pending Offers in Compromise will be rejected prior to July 15; in the interim, taxpayers may provide additional information in support of their positions.

These extended due dates provide significant relief for many taxpayers. However, interest on amounts owed will continue to accrue, even while current payment obligations under Installment Agreements and Offers in Compromise are suspended. Thus, keeping current with payments, which is allowed although not required, will save interest expense. If the July 15 date is further extended, interest accrual may become an even larger consideration.

This relief *begins* on April 1. The due date for payments due through March 31, 2020, is not extended.

Suspension of Most Audit Activities

Until July 15, liens, levies, and residential seizure activities are suspended, and new audits will generally not be opened. New automated liens and levies will also cease until July 15.

Ongoing audits and administrative appeals will continue through correspondence and telephone contact, and taxpayers are encouraged to respond to document and information requests “if they are able to do so.” Taxpayers who cannot provide information should reach out to the IRS and explain why the pandemic prevents them from doing so. Until July 15, the IRS has suspended the IDR enforcement procedures for taxpayers who cannot respond timely to information document requests as a result of Covid-19.

The IRS will also continue to initiate certain audit activities during this period, in particular with regard to high-income non-filers. It will also pursue matters where the statute of limitations is at risk of expiring during 2020. In other cases, the IRS is unlikely to pursue new audit matters until after July 15.

Other Suspensions and Extensions

Taxpayers who have been asked to verify employment and wage information for purposes of the Earned Income Tax Credit will have until July 15 to provide that information to the Service, providing a brief extension for many.

Taxpayers who are certified by the IRS to the Department of State as “seriously delinquent” are generally not permitted to renew passports or to receive new passports. That certification activity is on hold until July 15, and the IRS encourages delinquent taxpayers to use the intervening time to contact the Service and to discuss Installment Agreements, or where applicable, Offers in Compromise, that will bring them back into compliance.

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