



NEWS FROM THE IRS: TAX FILING AND PAYMENT RELIEF FOR COVID-19—Q&A

Notice 2020-18 extended the deadline for 2019 income-tax filing and payments. Recently, Notice 2020-20 extended relief to gift and generation-skipping tax filing and payments. It also left some unanswered questions related to the relief provided. While the IRS is considering whether additional Internal Revenue Bulletin (IRB) guidance is needed, their associated Q&A offers some key updates.

Who is Eligible for the Extension?

Anyone with a 2019 federal income-tax return or payment normally due on April 15, 2020, can use the extension.

That includes corporations, trusts, and estates. Note that the extension applies to gift and generation-skipping taxes as well. If taxes are paid by the due date, income and gift tax returns may file for an extension to October 15, 2020. Estate tax-return due dates and payments did not change.

The taxpayer does not have to be sick, quarantined, or otherwise directly affected by COVID-19. All taxpayers filing 2019 income, gift, and generation-skipping tax returns, or making income, gift, and/or generation-skipping tax payments, are eligible.

What Should a Taxpayer Do if He or She Has Already Filed a 2019 Return?

The taxpayer must pay any income taxes due by July 15, 2020. This includes the 10% additional tax due for distributions made before age 59½ from qualified accounts. Automatic payments scheduled for April 15 will not change unless the taxpayer takes action.

What About Contributions to IRAs and Contributions, Such as Profit-Sharing, to Qualified Accounts Under The 404(A)(6) Grace Period?

The extension applies and the deadline for 2019 contributions is July 15, 2020.

What About Contributions to Health Savings Accounts (HSAs) and Archer Medical Savings Accounts (MSAs)?

These are also payments that must be made by the income-tax due date, so the extension applies to them as well. Thus, the deadline for 2019 contributions is July 15, 2020.

Alert: State, county, and municipal tax payment deadlines may not change! Clients should check with their state and local tax jurisdictions.

The extension of the deadline for IRA and qualified account contributions creates an excellent opportunity for clients to keep saving—and recent market volatility may make protecting a portion of the account a part of the conversation.

Additional Information and Links

IRS Resources:

Official IRS Coronavirus website

www.irs.gov/coronavirus

IRS-2020-58 – News release: Tax extension applies regardless of amount owed

www.irs.gov/newsroom/tax-day-now-july-15-treasury-irs-extend-filing-deadline-and-federal-taxpayments-regardless-of-amount-owed

IRS Notice 2020-18

www.irs.gov/pub/irs-drop/n-20-18.pdf

IRS Notice 2020-18 Q&A

www.irs.gov/newsroom/filing-and-payment-deadlines-questions-and-answers

IRS Notice 2020-20

www.irs.gov/pub/irs-drop/n-20-20.pdf

Other sources:

State Tax Agency Information

www.taxadmin.org/state-tax-agencies

CDC Resource – COVID-19

www.cdc.gov/coronavirus/2019-ncov/index.html

For additional information about IRS Notice 2020-18
and the associated Q&A, please contact
the Retirement Strategies Group at (800) 722-2333, ext. 3939,
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