

PUBLICATION

Coronavirus: Latest Tax Provisions Implemented in Coronavirus Pandemic Resource Response as of Friday Morning, March 20, 2020

Authors: Stuart M. Schabes, David P. Webb
March 20, 2020

The President and Congress are taking emergency actions to provide liquidity and other financial relief to taxpayers in response to the coronavirus pandemic. Tax relief has played, and will continue to play, a substantial role in such actions. In fact, a third stimulus bill is being developed which is anticipated to provide even more immediate relief.

Income Filing and Payment Relief Provided by Notice 2020-17

On March 13, 2020, President Trump issued an emergency declaration instructing the Treasury Department to provide relief due to the COVID-19 pandemic and, in response, IRS Notice 2020-17 and subsequent modifications by the Treasury Department provide for the following:

- Taxpayers have until July 15, 2020 to file their tax returns
- Deferral of payment of 2019 income tax with no interest or penalty if paid by July 15, 2020:
 - For *individual taxpayers* (regardless of filing status) whose tax liability is under \$1 million
 - For *corporations* whose tax liability (as a controlled group or otherwise) is under \$10 million
 - If tax liabilities exceed either of these amounts ("Postponed Payment Amount"), then interest and penalty
 - Will begin to accrue on the tax liability above the Postponed Payment Amount as of April 15, 2020
 - Will begin to accrue on the Postponed Payment Amount as of July 16, 2020
- 90-day deferral also applies to first quarter 2020 estimated tax payments
 - First quarter 2020 estimated tax payment is now due July 15, 2020
 - So far, no change yet to second quarter estimated tax payment's due date of June 15, 2020
- States are handling in different ways; see attached [link](#) for state-by-state detailed information

President Trump Signs Families First Coronavirus Response Act into Law

On March 18, 2020, President Trump signed the Families First Coronavirus Response Act (FFCRA) into Law. The FFCRA provides (i) mandatory emergency Family and Medical Leave Act leave to eligible employees of covered employers with a qualifying need, (ii) mandatory paid sick leave for eligible employees due to one of six defined needs, and (iii) refundable tax credits to covered employers related to medical and sick leave payments. This Alert addresses only tax benefits under the FFCRA. See [here](#) for a summary of the original bill passed by the House and [here](#) for notable changes made to the bill as passed by the Senate. The tax provisions of the FFCRA provide:

- Covered employers are those with fewer than 500 employees

- The credits are equal to 100 percent of the required sick and family leave paid for each calendar quarter
- The credit for paid sick leave is limited to:
 - \$511 per day (\$5,110 in aggregate) per employee who is:
 - subject to a federal, state, or local isolation order
 - told by a health care professional to self-quarantine due to coronavirus concerns or
 - has experienced symptoms and is getting tested for coronavirus
 - \$200 per day (\$2,000 in aggregate) per employee who is:
 - caring for family members affected by the virus
 - caring for children whose schools are closed or other care provider is unavailable due to coronavirus precautions
 - experiencing any other substantially similar condition specified by the Secretary of Health and Human Services in consultation with the Secretary of the Treasury and the Secretary of Labor
 - 10 days in total
- The credit for paid family leave is limited to –
 - \$200 per day per employee and
 - \$10,000 in aggregate for all calendar quarters
 - Only applies to payments made
- The amounts for each credit can be increased by an employer's qualified health plan expenses that are properly allocated to paid sick or paid family leave, if such amounts are excluded from the employees' gross income.
- Any excess credit over employment tax liability is refundable quarterly
- Comparable credits and limitations for self-employed individuals

Other significant economic stimulation legislation (which may include direct payments to individual taxpayers) is also being considered by the Senate. Baker Donelson is continuing to monitor the coming legislation and other developments related to the coronavirus. This Alert is a summary of the tax benefits of the FFCRA; for specific guidance or more information please contact [Stuart Schabes](#), [David Webb](#), or any member of [Baker Donelson's Tax Group](#). For additional information you can also visit the [Coronavirus \(COVID-19\): What You Need to Know information page](#) on our website.