

IRS Late Notice

As you are aware, the IRS automatically extended the deadlines for certain tax filings and payments until **June 15, 2021**, for individuals that reside or have a business with a principal location in **Texas, Oklahoma, and Louisiana**, as well as taxpayers not in the covered disaster area, but whose records necessary to meet a deadline are in the covered disaster area. This extension applied to deadlines falling on or after February 11, 2021, and before June 15, 2021, including the following:

- 2020 business tax returns originally due on March 15;
- 2020 individual and business tax returns originally due on April 15;
- Estimated tax payments originally due on April 15 (along with 2nd quarter estimated tax payments normally due on June 15);
- Quarterly payroll and excise tax returns originally due on April 30;
- 2020 tax return for tax-exempt organizations (calendar-year basis) originally due May 17; and
- Estate, trust, gift, transfer-tax, and other returns with an original due date between February 11 and June 15, 2021.

Although these extensions should have been automatic (as indicated on the IRS website), we understand that the IRS has been issuing notices to some affected taxpayers for “failure to file” and/or “failure to pay.” Based on information we have been able to gather to date, it appears that the IRS did not accurately update its system to reflect the updated June 15 deadline for all applicable filings and all affected taxpayers. We believe this is attributed to the IRS being underfunded and understaffed to handle the demands of the 2021 filing season, which in addition to the storm-related extensions was exacerbated by other complexities. These included legislative changes enacted in late December 2020 that required updating of certain tax forms; issuing multiple rounds of stimulus payments; and preparing to issue advanced child tax credit payments, which also involved development of a portal for individuals to apply or opt out. Additional challenges for the IRS include the significant backlog of mail to process due to employees working remotely during the pandemic, and the lack of adequate staffing to answer the high volume of phone calls.

If you receive an IRS notice, please contact us as soon as possible so we can work to resolve the issue and ensure that your filings are noted as timely filed if they were submitted by the extended June 15 deadline. It is important that you not pay the penalties and interest or agree/acquiesce that the return or payment was late. We understand that this may be frustrating and require extra effort on your part, but we will do everything we can to resolve the issues timely and efficiently.

As always, we appreciate the trust you have placed in us. Should you have any questions, please contact your JTaylor tax advisor.