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IRS Late-Filing Penalty Relief

After months of pressure from the American Institute of Certified Public Accountants (AICPA), Congress, taxpayers, and others, the IRS issued Notice 2022-36 this week which provides broad relief for both individuals and businesses who were late in filing tax returns for 2019 and 2020.

The failure to file penalty is generally assessed at 5% per month and up to 25% of the unpaid tax. The recently announced relief applies to applicable individual and business federal income tax returns for tax years 2019 and 2020. This includes the Form 1040 series (individuals), 1041 series (trusts), 1120 series (corporations), and 990 series (private foundations/non-profits). To qualify, the returns must be filed on or before **September 30, 2022**.

In addition, certain information returns, including the Form 1099 series, may also qualify for penalty relief. To qualify, eligible 2019 and 2020 returns must have been filed by August 1, 2020, and August 1, 2021, respectively.

It is important to note that the penalty relief applies only to penalties for failure to file, not any penalties that may have been assessed for failure to pay.

The penalty relief will be automatic, and will cover both penalties already paid and those assessed but not yet paid. **There is no need for taxpayers to take any action to request this relief.** The IRS will abate, refund, or credit the penalties, as appropriate. The agency expects most eligible taxpayers to receive refunds by the end of September.

A full listing of eligible tax returns may be found in [Notice 2022-36](#).

This step is intended to achieve the dual purpose of providing relief to businesses and individuals impacted by the pandemic, as well as allowing the IRS to focus its resources on processing the backlog of returns and taxpayer correspondence with the goal of clearing the backlog in advance of the 2023 filing season.

Should you have any questions or need further direction, please contact your JTaylor tax advisor.