

COVID-19 Tax Changes: Employer Recovery of Coronavirus-Related Paid Leave for Workers

By Olivia Grabacki
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As the COVID-19 landscape continues to rapidly change, federal, state, and local governments continue to roll out new relief policies and other guidance. This article provides a brief overview of relevant updates from the Internal Revenue Service (IRS), the City of Portland, Multnomah County, the State of Oregon, and the State of Washington.

FEDERAL TAX UPDATE

As we [previously discussed](#), the Treasury Department issued Notices 2020 17 and 2020 18, extending April 15 federal income tax filing and payment deadlines to July 15, without penalty and interest. The Treasury Department has since issued additional guidance—[IRS News Release 2020-59](#)—regarding its new “People First Initiative,” which provides the steps that the IRS will take to assist taxpayers and otherwise temporarily “ease the burden on people facing tax issues.”

In particular, the People First Initiative will include the following key actions, among others:

Tax Returns

While the deadlines to file April 15 federal income tax returns and estimated tax vouchers, and to make payments for 2019 income tax and 2020 estimated tax, have been extended to July 15, 2020, tax returns for tax years before 2019, under any tax program, must still be filed as soon as possible.

Audits

Generally, the IRS will not start new field, office, and correspondence audits, unless deemed necessary to protect the government’s interest in preserving the applicable statute of limitations. Audit work will continue when possible, so long as in-person contact is not necessary.

Installment Agreements and Offers in Compromise (OIC)

Payments due from April 1 to July 15, 2020, under existing installment agreements with the IRS will be suspended. This includes payments of taxpayers who are unable to comply with the terms of their installment payment agreements. In addition, the IRS will not treat an act of noncompliance with the terms of an installment agreement as a default during this period. Note that interest will continue to accrue on unpaid balances.

Notably, the IRS practitioner priority service and other taxpayer service telephone lines have been [temporarily suspended](#). Thus, taxpayers may enter into new installment agreements only online during this period, if the taxpayers [qualify](#). Taxpayers who do not qualify to enter into installment agreements online, however, may struggle to enter into installment agreements during this period.

In addition, the IRS will not approve pending OIC applications before July 15, 2020, without taxpayer consent and will allow taxpayers to provide requested information until July 15, 2020.

Disclaimer: This article is not legal advice. It is provided solely for informational and educational purposes and does not fully address the complexity of the issues or steps business must take under applicable laws.

Collection Activities

Finally, the IRS will suspend field collection activities, including liens and levies, through July 15, 2020, aside from collection activities against high-income nonfiling taxpayers. The IRS will not initiate new automatic liens and levies through July 15, 2020.

Signature Policy

The IRS is also [loosening its strict signature policy](#) to accept digital signatures or “scanned or photographed images of signatures.” This temporary policy will permit taxpayers who are temporarily without access to traditional transmission methods to securely e mail documents requiring signatures directly to the IRS.

More specifics regarding the IRS People First Initiative will be published in the coming days.

CITY OF PORTLAND AND MULTNOMAH COUNTY TAX UPDATE

As of March 27, the City of Portland and Multnomah County [have announced](#) that businesses owing tax for the 2019 tax year can delay their filings and payments from April 15 to July 15. C corporations with City of Portland and Multnomah County business tax returns due on May 15 can also delay their filings and payments to July 15. No penalties or interest will accrue on amounts due until July 16.

Property tax payments owed to Multnomah County are not deferred, since the County has already collected approximately 90 percent of 2019 property tax payments. Filings and payments for other tax programs otherwise due before May 15, 2020, including the Portland Arts Education and Access Income Tax and the Clean Energy Surcharge, are also delayed until July 15, 2020.

OREGON STATE TAX UPDATE

Oregon has followed suit with the IRS, and [published guidance](#) on March 25, 2020, suspending the filing and payment deadline for Oregon income tax to July 15, 2020.

Importantly, however, Oregon has not suspended first-quarter estimated income tax or corporate activity tax deposits. This means that taxpayers subject to such estimated quarterly deposits must still timely file and deposit the proper amounts by April 15, 2020. For more information, see the Oregon Department of Revenue’s [website](#).

WASHINGTON STATE TAX UPDATE

From February 29, 2020, through the “end of the state of emergency,” the Washington Department of Revenue, in [published online guidance](#), requests that businesses still file their returns even if they are unable to pay. Washington has extended deadlines for first-quarter filings to July 30, 2020, and annual filings to June 15, 2020. Taxpayers with monthly filings must request an extension by sending a secure e mail to the Department of Revenue via its online portal or by calling the Department of Revenue.

For taxpayers working with the Department of Revenue on collection issues, the Department will “delay issuing new compliance assessments until mid-April and reassess” at that time. The Department will delay collection action on existing assessments or modify existing payment plans on a case-by-case basis. For more information, including business license or property tax exemption renewal, see the Department’s [website](#).

For more information about ongoing developments related to COVID-19, visit [Miller Nash Graham & Dunn’s resource library](#).

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Olivia Grabacki is passionate about building relationships and partnering with mission-driven organizations and individuals, such as nonprofits and other tax-exempt organizations, cannabis entrepreneurs, and business owners, in their innovative pursuits. She focuses her practice on tax, real estate, cannabis regulatory, and general business governance matters.

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