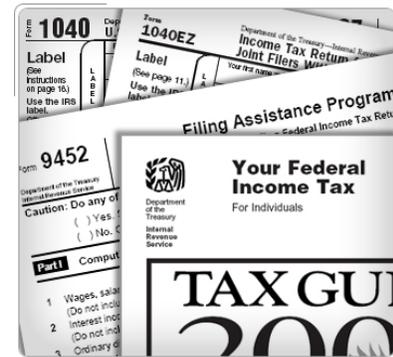




IRS Provides Relief to Payment Plans with "People First Initiative"

The IRS announced additional adjustments they are making to their collection processes to help people and businesses in this uncertain and ever changing environment. In summary, the IRS is providing relief by easing payment guidelines for their payment plans and delaying certain compliance deadlines, beginning April 1st and extending through, at least, July 15th (suspension period).



Installment Agreements

For taxpayers already under existing installment plans, the requirement to make payments due between April 1st and July 15th has been suspended. If a taxpayer is unable to make their payment during this period, the IRS will not consider the Installment Agreement in default. However, interest will continue to accrue on the unpaid balance. The IRS will continue to allow taxpayers to set up new installment agreements for tax liabilities they are unable to pay.

Offers in Compromise (OIC)

New Applications – Those taxpayers with outstanding tax obligations that exceed their earning power and net worth may qualify for help in resolving their debt by filing an Offer in Compromise with the IRS. The OIC form and instructions can be found online at www.irs.gov



Pending OIC Applications – Taxpayers have until July 15th to provide any additional information that the IRS has requested on their Offer in Compromise currently under review.

Suspension of Payments – Those taxpayers currently under an Offer in Compromise agreement, have the option to suspend their payments until July 15th.

As mentioned before, interest will accrue on the unpaid balance even though the monthly payment has been suspended.

Unfiled prior year returns – For Offer in Compliance taxpayers who have not filed their 2018 tax returns, the IRS will not declare them in default if they file them by July 15, 2020. Nevertheless, they are required to file any delinquent 2018 returns and their 2019 return on or before the July 15th extended date.

Delinquency and Other Relief Measures

Delinquent Returns – Taxpayers should take steps to catch-up filing any prior years tax returns. In some cases, the filing results in a refund for that year. According to the statute of limitations, the taxpayer only can claim a refund by filing a return within three years of the due date, so timing is important. Per IRS Notice 2020-18, the IRS does not extend relief for claiming a refund beyond this three-year deadline. Therefore, if you have not filed your 2016 tax return, you only have until April 15, 2020 to file and claim your refund. However, if filing a delinquent return results in a tax liability, there is not a three-year limit. The tax liability obligation does not expire, but rather increases as time passes, as it continues to accrue penalties and interest until the return is filed and amount is paid. It is advisable that taxpayers file their delinquent returns as soon as possible to minimize the accruals of certain non-filing penalties. The filing deadline has only been extended for 2019 tax returns.

Liens and Levies – New automated liens and levies and those initiated by field revenue officers will be suspended during the period, April 1 through July 15th. This includes seizures of a personal residence.

Private Debt Collection – the IRS will not submit delinquent taxpayer accounts to private collection agencies during the suspension period.

Passport Certifications – During this suspension period, the IRS will not issue new certifications to the State Department to restrict the issuance or renewal of passports for those taxpayers who are seriously delinquent in payment of their tax obligations.



Field, office and correspondence audits and Office of Appeals – During the suspension period the IRS will suspend all “in-person” meetings for field, office and correspondence audits. In addition, new audits will not be initiated, unless it is necessary due to the statute of limitations. Examinations currently in progress will continue to be monitored remotely and taxpayers should provide information requested by audit inquiries if possible, during the suspension period. Likewise, the Office of Appeals employees will continue to work their cases remotely and will hold all conferences by either telephone or video conference, rather than in-person.

Earned Income Tax Credit and Wage Verification Reviews – The deadline for taxpayers to verify that they qualify for the Earned Income Tax Credit has been extended until July 15, 2020. If a taxpayer is unable to furnish their information or verification of wages, they should contact the IRS to explain their situation and why they were unable to provide the requested information. The IRS has said, if it receives such requests on or before July 15, 2020, it will not deny them based on the failure to provide requested information.

As the CORVID-19 situation develops and changes, the IRS has stated that it will continually be reviewing the circumstances and may modify the “People First Initiative” as needed to help the people get through these trying times.

We will try to keep you abreast of important changes in areas that affect your business and personal tax situations. If you have any questions, please don't hesitate to call or email us to further discuss these or any tax updates.

Griffing & Company, P.C.
One Sugar Creek Center Blvd., Suite 650
Sugar Land, TX
(281) 491-8866 Fax (281) 491-8998
www.griffing.com
info@griffing.com