

# IRS ISSUES NEW GUIDANCE - EXTENDED DEADLINES AND NET OPERATING LOSS

On April 9, 2020 the IRS issued guidance on three (3) important pieces of the CARES Act and COVID relief legislation.

## FILING & PAYMENT EXTENDED DEADLINES:

- Notice 2020-23 was published granting additional relief for Taxpayers affected by COVID-19. The relief is now expanded to cover almost all Taxpayers with a filing and payment obligation between April 1 and July 15th. However, please reference the notice as there are still a few exceptions and filings not covered. In addition, this notice clarifies that second quarter estimates typically due June 15th are also now part of the relief and are extended until July 15th. This means any client who has chosen to defer payments owed at this time will be making their 2019 tax liability payment, their 1Q estimate, and their 2Q estimate all on (or by) July 15th to remain penalty free. Not all states have adopted these same relief provisions so please consult your Frost representative(s) for guidance.
- See IRS detail here <https://www.irs.gov/pub/irs-drop/n-20-23.pdf>

## CARES-ACT & NET OPERATING LOSS (NOL) GUIDELINES:

- Rev. - Proc. 2020-24 was published providing guidance to Taxpayers claiming NOLs. The Rev. -Proc. addresses items such as:
  - » Waiving the carryback period in the case of a NOL generated in a tax year beginning after 12/31/2017 and before 1/1/2021.
  - » Waiving the carryback period, reducing a carryback period, or revoking an election to waive a carryback period for a taxable year that began before 1/1/2018 and ended after 12/31/17
  - » See IRS detail here <https://www.irs.gov/pub/irs-drop/rp-20-24.pdf>
- Notice 2020-26 was published providing a six month extension of time to file NOL Carryback claims using form 1045 and 1139. For example, a NOL generated during calendar year 2018 would have required a NOL Carryback submitted on form 1045 or 1139 to be filed by 12/31/2019. This Notice extends the filing using form 1045 or 1139 to 6/30/2020.
  - » With the extended time frame to file Forms 1045 and 1139, it is important to get these applications filed timely for all clients who qualify. The expedited processing rules where the IRS has to review and issue a refund or correspondence to the Taxpayer within 90 days of filing only applies when a claim is submitted using Forms 1045 or 1139. Businesses could be waiting significantly longer to receive their refunds If this window is missed.
  - » See IRS detail here <https://www.irs.gov/pub/irs-drop/n-20-26.pdf>

