



## IRS POSTPONES APRIL 15 DEADLINE FOR 1040 FILINGS

**From the Journal of Accountancy by Alistair M. Nevius, J.D.**

The IRS announced on Wednesday, March 17, that it is postponing the deadline for all individual tax returns. Returns otherwise due April 15 will not have to be filed until May 17 this year. The IRS says it will issue formal guidance in the near future.

The postponement applies only to individual taxpayers, who can postpone their federal income tax returns and income tax payment due on April 15 until May 17, 2021. They do not have to file Form 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*, to qualify for this postponement.

The IRS says taxpayers who request an extension using Form 4868 will, as usual, have until Oct. 15 to file their returns, but their tax payments will be due May 17.

No interest, penalty, or addition to tax for failure to file a federal income tax return or to pay federal income taxes will accrue between April 15, 2021, and May 17, 2021, for any return or payment postponed by the announcement.

The postponement does not apply to estimated income tax payments due April 15, 2021, for 2021 tax years. The postponement, as announced on Wednesday, does not apply to any other type of federal tax or to any federal information returns.

In a statement, IRS Commissioner Chuck Rettig attributed the postponement to hardships taxpayers are experiencing due to the ongoing COVID-19 pandemic. However, the IRS is also having to cope with tax changes made by the American Rescue Plan Act, P.L. 117-2, enacted March 11, which included a new round of economic impact payments that the IRS must send out. The IRS recently reported that it has now sent out 90 million stimulus payments under the American Rescue Plan Act.

The American Rescue Plan Act also includes changes that retroactively affect 2020 returns, including making the first \$10,200 in unemployment benefits tax-free for many taxpayers. The IRS recently released [informal guidance](#) on its website for taxpayers who received unemployment benefits in 2020. The webpage includes an unemployment compensation exclusion worksheet. The IRS promises more guidance and on Saturday, March 13, urged taxpayers to wait to file amended returns.

This marks the second year in a row that the April 15 deadline has been postponed. Last year, federal tax filing and payment deadlines were postponed to July 15 due to the COVID-19 pandemic.

This year's filing season started later than usual (Feb. 12), and as of March 5 the IRS was reporting that it had received 55.7 million returns and had processed 49 million returns. Total refunds were down 32% compared to the prior season.



### **AICPA response**

The American Institute of Certified Public Accountants (AICPA) pointed out in a statement issued late Wednesday, March 17, that many taxpayers will not benefit from the extended deadline. The failure to include estimated payments nullifies any benefit of a postponement, since the tax return work has to be done to calculate estimated payments, the AICPA noted. More than 9.5 million individual returns filed in for the 2018 tax year included estimated payments.

“While we appreciate the IRS’ recognition that a filing deadline postponement is indeed necessary, the announcement is far too selective in who is receiving relief,” said AICPA President and CEO Barry Melancon, CPA, CGMA. “In fact, the taxpayers who are most likely to benefit from this additional time are taxpayers who are able to meet the original filing deadline.”

In letters to Treasury and the IRS, the AICPA has requested that payment and filing deadlines be extended to June 15.

“This selective decision by the IRS unfortunately creates more bureaucracy and confusion and is out of sync with real world stresses that taxpayers, tax practitioners and small businesses are dealing with,” said Melancon.