

As we are sure you have all heard, the IRS has extended both the filing and payment deadlines from April 15th, 2020 to July 15th, 2020.

AL, AZ, AR, CA, CO, CT, DE, DC, GA, IL, IN, KS, KY, MD, MN, MO, MT, NE, NM, NY, NC, OK, OR, PA, RI, SC, UT, VT, and WI have all extended the filing and payment deadlines to July 15th as well. NJ is due June 30th. HI, ID, and IA have different due dates ranging from June 15th to July 15th. The states not mentioned have not yet extended their deadlines.

The estimated tax payments have inconsistent due dates. The second quarter estimated tax payments are still due on June 15th. This means that the second quarter estimated payment is due **before** the July 15th payment due date for first quarter estimated payment.

If you have already filed your 2019 tax returns and requested that the 2019 balance due and/or the 2020 estimated payments be automatically withdrawn from your bank account, the payments will be withdrawn on April 15th. If you want to delay your payments until July 15th, please follow the instructions in the document "Instructions to Cancel Direct Debit Payments."

You will also have until July 15th to make 2019 contributions to IRA's and any other retirement plans.

If you are currently making payments to a monthly installment agreement, the IRS has suspended payment requirements for payments due from April 15th, 2020 through July 15th, 2020

You do not have to wait until after April to file your tax returns. We have been filing returns during the last few weeks and we are able to continue to do so. Some reasons to file now include claiming refunds, using this time to have it taken care of, and your 2019 return may be relevant for eligibility aspects of the economic stimulus package. Filing your return now does not mean that you have to make your tax payments now; you still have until July 15th, 2020.

We know that many people have their health insurance through their employer and many people have recently lost their jobs. The NYS Health Insurance Marketplace has extended their usual enrollment period until April 15th, 2020. If you have been laid off and lost your health insurance, this could be a good time to apply through the Marketplace. The way that it normally works is if you qualify for a subsidy your monthly premium could be lowered. We want to warn you that if you do qualify for a subsidy now and your income increases by the end of the year, you may have to repay that subsidy when you file your 2020 tax return. Through the NYS Marketplace you can also enroll in Medicaid or the New York State Essential Plan. There is no premium for Medicaid and the Essential Plan has a very low premium. If you qualify for one of these two programs, you may want to take advantage rather than choosing a plan with a subsidy as there is

no repayment requirement with these two plans if your income ends up higher than anticipated. (<https://nystateofhealth.ny.gov/>)

2020 Federal Coronavirus Aid, Relief and Economic Security Act (CARES Act):
<https://taxfoundation.org/cares-act-senate-coronavirus-bill-economic-relief-plan/>

Stimulus Payments

- The current stimulus package which has now been signed is set to have payments of \$1,200 sent to each adult and \$500 for each child (16 years of age or younger) for household incomes of \$75,000 for single filers and \$150,000 for married filing joint households. This stimulus payment will be reduced for higher income households and will completely phase out at \$99,000 for single filers and \$198,000 for married filing joint households. For head of household filers, the income limitation amount is \$112,500. Adjusted gross income is used for this calculation. If 2019 has been filed, your 2019 adjusted gross income will be used. If 2019 has not yet been filed, your 2018 adjusted gross income will be used. Below is a link to be able to calculate your stimulus payment if you would like to calculate the amount that you would be eligible for:
https://www.kiplinger.com/tool/taxes/T023-S001-stimulus-check-calculator-2020/index.php?utm_source=SYN-yahoo&utm_medium=referral&rid=SYN-yahoo

If you do not qualify for the stimulus payment based on your 2019 tax return, you could qualify and receive it next year once your 2020 tax return is filed.

Unemployment Benefits

- Unemployment benefits have been expanded. Both the amount that can be collected and the length of time you can collect benefits have been increased. Usually, only employees paid on Form W-2 are eligible to receive unemployment benefits. This stimulus package extends eligibility to small business owners, self-employed individuals, gig employees, part-time employees, and students as well.
 - <https://www.labor.ny.gov/home/>
 - <https://taxfoundation.org/cares-act-senate-coronavirus-bill-economic-relief-plan/>
 - USE THIS LINK FOR A VERY CLEAR CHART --
<https://documentcloud.adobe.com/link/track?uri=urn%3Aaaid%3Ascds%3AUS%3A870b0b3d-759d-4b01-8294-62275d4f5643>

Paid Family Leave and Paid Sick Pay

<https://www.forbes.com/sites/advisor/2020/03/27/your-guide-to-the-federal-stimulus-package/#409c06ec2711>

- Paid Family Leave has been expanded. Employees of businesses with fewer than 500 employees can get up to 12 weeks of family leave (with the first two

weeks unpaid) if they must stay home with children whose schools and day care centers have closed because of the pandemic.

The expansion allows individuals who were laid off on or after March 1st, 2020 but then rehired before the end of 2020, access to this family leave. To be eligible for this leave, they need to have worked in that job 30-60 days before the initial layoff.

The benefit paid to individuals eligible for this family leave is two-thirds of pay, with a maximum of \$200 per day, limited to \$10,000 per worker (maximum of \$1,000 per week). Employers make the family leave payments to the employees and then get reimbursed by the federal government through the IRS.

- Paid Sick Pay has also been expanded. Employees (both part-time and full time) will get 80 hours of paid sick leave at full pay, capped at \$511 per day, or an aggregate \$5,110 per worker, with part-timers receiving a proportionate number of hours. Individuals who are unable to work or telework because they are under medical quarantine or treatment for COVID-19, suspect they have the illness or are ordered to quarantine at home are eligible for the pay.

Additionally, individuals who are staying home to care for someone else who has COVID-19 or is suspected of having it, or who have a child whose school or day care is closed because of coronavirus, are eligible for two-thirds of pay capped at \$200 per day, limited to \$2,000 per worker.

Retirement Distributions

- Usually there is a 10% early withdrawal penalty for taking money from your retirement account before you are 59 ½ years old. This penalty on all retirement account distributions has been removed for taxpayers facing virus-related challenges. Withdrawn amounts are taxable over three years, but taxpayers will have the option to replace the funds in their accounts within three years to avoid having the distribution taxed.
- You are not required to take any RMD's (required minimum distributions) for 2020.

Charitable Organizations

- The bill added an incentive for people to continue to support charitable organizations - a \$300 partial above-the-line charitable contribution deduction has been created for filers taking the standard deduction and expands the limit for charitable contributions when itemizing. That means that even if you take the standard deduction, you can deduct up to \$300 donated to charities.

Student Loan Interest

- Student Loan Interest on **Federal loans** has been waived for two months. We have heard that the lenders have already adjusted the interest rate to zero percent. You can confirm if your lender did that by logging in to your account.

Mortgage Payments and Renter Provisions

- Governor Cuomo mentioned that mortgage payments could be waived for two months depending on financial hardship. He does have the power to enforce that, so it was more of a suggestion to lenders. You can't just stop paying your mortgage. If you are experiencing hardship, please contact your lender to make arrangements.
- Under the Federal CARES Act landlords cannot evict tenants, charge late fees, penalties or other charges for late rent payments. This only applies if the home has a federally backed mortgage.
- NYS has suspended Business and Residential Evictions for 90 days.

Debt Forgiveness

- Normally, debt forgiveness is taxable. For example, if a loan is not paid you may have to pay tax on the unpaid amount. The CARES Act has excluded some debt forgiveness from taxable income.

Planning

While not related to these new tax provisions, we would like to alert you to planning opportunities that have been created by the current state of the economy. This may be the time to consider refinancing your mortgage or converting your traditional IRA's to Roth IRA's. With the drop in the stock market, your IRA has probably experienced a considerable drop in value. When you convert a traditional IRA to a Roth IRA, you pay tax on the value of the account that is converted. So, doing this when the market is down allows you to pay less tax on the conversion with the hope that when the account recovers value, all the growth will be tax free as long as the funds remain the account until you are at least 59½ years old.