



MICPA

**Paycheck Protection  
Program & Tax Filing**  
Frequently Asked Questions

## **Paycheck Protection Program**

### **Eligibility**

#### **1. Can a company get this loan and pay employees, even if the employees find temporary or part-time work elsewhere until they are called back to work by the company who receives the loan?**

Yes, but for the loan to be forgiven the following would have to apply: (directly for SBA.GOV)

The loan will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities (due to likely high subscription, at least 75% of the forgiven amount must have been used for payroll). Loan payments will also be deferred for six months. No collateral or personal guarantees are required. Neither the government nor lenders will charge small businesses any fees.

**Forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease.**

So, the employer would need to rehire asap to meet the payroll expense that was applied for and approved by the lender.

#### **2. Is a company eligible for the program since if they are 100% owned by German citizens?**

The guidance states that employees are eligible in total payroll expense if their primary residence is in the United States. No commentary on citizenship status has been uncovered. *Looking at the application (Q7) asks if the owner is a U.S. Citizen or has Lawful Permanent Status. There does not appear to be a citizenship requirement for employees on the payroll.*

#### **3. We have furloughed our employees due to the Executive Order. To qualify for the PPP Loan forgiveness, we must bring employees back to work. Unfortunately, most of our employees will be unable to return as a result of caring for children and loved ones. Are we able to hire different employees and still qualify for loan forgiveness as long as our "Full Time Equivalent" head count is the same?**

Taken from Treasury FAQ: Re-Hiring: You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.

This does not require you to hire the same employees but maintain the same level of full-time equivalent and salary level.

#### **4. Can an employee be re-hired and then put on a second leave of absence (if things don't work out) and remain qualified?**

No. The main purpose of the program is to keep employees on payroll for the full eight weeks.

**5. My business is a sole proprietorship. I work full-time but don't receive a W-2, as I file schedule C. I have two part-time employees who I pay W-2 wages to. We are currently not operating due to the Executive Order therefore, there isn't any work for my employees to do right now. If I were to get a PPP loan and pay my employees to stay home is that an approved use of the loan? Do we qualify for a PPP loan?**

**Would I file one application for my employees and myself? I have payroll records for my employees but could only provide tax records to show my income as a sole proprietor. Can I apply now or do I need to wait until April 10th when self-employed individuals can apply?**

**If we are still not able to resume operations after eight weeks, would my employees be eligible to apply for unemployment benefits at that time?**

If your business is reported on a schedule C and you have payroll - you would apply April 10. Only one PPP loan is allowed per entity. I would still get your information to your lender as soon as possible.

**6. My church is applying for a PPP. We have 4 paid staff, but none of them are 40-hour per week (minister, secretary, janitor, music director).**

Under the PPP guidelines 501(c)(3) organizations are eligible for forgivable SBA loans. This should be a good option for your church especially if it has W-2 employees.

**7. Is a small LLC business, with no employees, just subs that get a 1099 at the end of the year eligible for the PPP?**

The PPP program is intended to support W-2 wage earners (employees). 1099 (self-employed) can apply for relief on 4/10. There is also the EIDL Disaster loan offered by the SBA that can also be considered for use for such entities.

**8. My questions is if I haven't paid taxes or claimed any of my work on my DBA, do I still qualify for this?**

It depends on when you started your business. The Payroll Protection Plan loan is only for those entities that were in business as of 2/15/2020.

**9. Does a small business that does not run payroll paychecks every week/month qualify for forgiveness of the loan?**

Yes. Running weekly payroll is not a requirement of PP. However, the staff does need to be W-2 employees in order to be considered in loan calculation. 1099 and Independent contractors should not be considered in the loan calculation.

**10. I have an L.L.C. that I'm the sole member with 2 part-time employees and 1 that is a sub-contractor that helps me out as needed. Do I include myself or the sub-contractor as employees on the application? Or since my employees are part-time since I bought the business in September of 2018 does this disqualify my application.**

Assuming as a single member LLC you have not elected to be treated as a corporation, therefore you would be eligible to apply for the PPP on Friday April 10. Payroll roll costs will include the wages of your employee, and your net income from Self Employment (Schedule C income). Assuming your subcontractor is paid on a 1099 he would not be included in the gross payroll application. As long as you have been in business before February 15, 2020 you will qualify.

**11. What if all of my employees receive a 1099. Do I still qualify?**

Those receiving 1099's are technically not employees, they are independent contractors and would be eligible to apply for their own PPP loan on Friday April 10.

Under the CARES act they should be eligible for Unemployment benefits. Although the State is still waiting on Guidance from the Federal Government on how to proceed.

**12. Regarding a 501c3 school, that is looking to apply for the PPP. They normally have staff that does not work during non-school weeks (early June to late August). If we retain our employees for the next 8 weeks through the end of the school year, but then they do not work in the summer (as normal course), will that impact potential loan forgiveness if funds are used over the next 8 weeks to maintain their payroll?**

The short answer is yes. In order to qualify for the loan forgiveness, you have to use the proceeds on Payroll costs, rent, utilities and interest on debt within 8 weeks of receiving the funds. So, if you don't, not all of the loan will be forgiven. As far as I know there are no exceptions to this rule.

**13. What date is used to calculate the Retention Credit? Is it for wages paid or earned? After March 12th or March 24th?**

"Qualified Wages" are wages paid after March 12, 2020 and are based on a quarter by quarter basis. For more information the IRS has a great FAQ page

Our business is seasonal and a lot of the people don't work this time of year. However, my understanding is that we have to pay everyone on payroll. I want to get some guidance on how to proceed and stay within the guidelines and be forgiven for the PPP loan in the future (8 weeks).

The maximum amount of loan a business is eligible for is based on average payroll for a 12-month average, adjusted seasonal average or for new businesses 1/1 to 2/29. If you compute the maximum amount of the loan - you can apply for a lesser amount to cover the payroll you expect for the 8-week period to cover the employees you will retain. To stay within the forgiveness, you need to use the loan proceeds to cover 75% payroll costs and the rest can be used for other qualifying expenses. The clock starts on the 8-week period when the loan proceeds are received.

**14. Am I correct in assuming that a local entity under county government, in our case a county-based Community Mental Health organization (operating as an 'authority' under the mental health code) is NOT (repeating NOT) eligible under the PPP program even though we are under 500 employees and not otherwise ineligible?**

PPP is intended for for-profit and most not-for-profit business entities. Municipalities and local governments would not be eligible under current PPP guidelines.

## **Payments**

**15. After we receive the money from the loan, are we to start paying the employees at that time even though our business is closed due to the stay at home order. Or do we start paying the employees when we can resume business when the stay at home order is lifted?**

You must maintain the same level of payroll and use the same proceeds in the 8-week period after the loan is made. There is no guarantee at this time when the stay at home orders will be lifted. It seems this leaves the expectation that you will continue paying while the stay at home order is in effect. Treasury FAQ states: loan will be forgiven if loan proceeds are used to cover payroll, most mortgage interest, rent and utilities in the 8-week period after the loan is made.

**16. I have to be closed due to EO 2020-20, if I am approved for this money when do I have to take it? Since the clock for the 8 weeks starts as soon as I get the funds but I will be shut down and not be able to get any business there will no need to bring my employees back. I understand that I can use 25% of it for other bills etc., but the other 75% will not be forgiven if not used for employees. I want to use this to keep my employees. Please advise.**

You can apply any time before June 30, however you risk losing out on the "first come, first served basis" of the program if you wait. At the same time, you could provide the payroll expense to your employees for now despite being closed, and then still have access to the remaining 25% for mortgage interest, rent and utilities.

**17. I have 7 employees. 4 are laid off and I don't have work for them. Do I pay them even though there is no work? They qualify for unemployment and have already applied for it.**

In order to qualify for the loan forgiveness under the PPP, you must be back to full employment by June 30, 2020. Otherwise the amount of the loan will be adjusted for the decrease in headcount and payroll costs.

**18. Are employees required to physically go back to work in order for employers to use the grant funds?**

No. Maintaining your payroll is an acceptable use of advance payment funds.

**19. If I'm approved, when will I receive the loan?** The banks have 10 days to fund the loan.

**20. If we are unable to reopen at the end of the 8-week period, will the loan still be forgiven? Is successfully getting back in business a condition of loan forgiveness?**

If the proceeds of the loan were paid for the qualifying expenses then the loan should be forgiven. Not reopening at the end of the 8-week period will not disqualify forgiveness.

## Loans

**21. I have tried to apply to this for my business but it says I'm not eligible because I do not have a loan through my banking institution but I do have a personal and business checking account with them as well as my online banking. Why do I need to have a loan through them for me to get assistance?**

Some lenders are currently working only with customers where they have established commercial relationships at this time.

If you qualify based on the criteria of the program (e.g. a small business with less than 500 employees whose principal residence is the US), then you are eligible for the loan but need to find a lender accepting new customers.

**22. None of our local banks are offering these loans. Do you have any alternate suggestions?**

Every bank or credit union that does SBA loans has the ability to offer this loan. You can find lenders here: <https://www.sba.gov/paycheckprotection/find>

**23. If your business has been impacted by the direct order by the Governor to stop operations and there is currently no work that you employees are able to do right now, where this loan states:**

Loan forgiveness is based on the employer maintaining or quickly rehiring employees and maintaining salary levels for at least 8 weeks after the origination of the loan. Loan forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. The loan forgiveness is tax-free.

Is this saying that we can get the funding we need for payroll and that WE MUST pay employees while they are still laid off for the next eight weeks? Is this loan to offset the need for current employees to have to file for unemployment assistance?

Or is this to help fund our payroll once the Governor's order is lifted and our staff is able to work again and in the meantime we can use part of the funding for operating expenses such as rent payments, insurance and when we can start operating again, use the remainder for payroll expenses? Can you please offer some direct clarity on what the definition of "maintaining" is for the loan?

"Maintaining" in this instance means you need to bring your employees back on to payroll and off unemployment. The program is meant to keep employees off unemployment at this time for up to eight weeks. That means in order to qualify for the loan to be forgiven at the end of the period, employers need to get employees off unemployment and back onto payroll. Even though the Governor has ordered businesses closed, you should use the program funds to pay employees during this current eight week period rather than deferring the funds to be used once the Governor order economy to resume and businesses to reopen for business.

**24. When applying for the MIPPP or the EIDL- can a company apply and / or qualify for both?**

If you receive an EIDL loan (first \$10,000 in the form of a grant) you can also receive a PPP. The amount of the PPP loan forgiveness is reduced by the amount of the EIDL grant.

**25. Can the loan origination date be pushed back if a business is government ordered to be closed? Because if they are ordered to be closed, how can they have payroll expense?**

According to PPP instructions Average Payroll is calculated for calendar year 2019 payroll. Therefore 2020 should not be part of the equation. Since order to close occurred in 2020 there shouldn't be an issue.

**26. We have several questions pertaining to the PPP loan. Is it feasible to apply for the PPP loan, obtain approval and postpone signing the documents until our business is allowed to reopen, in order to accept the funds? The purpose of conducting it in this manner is to utilize the monies to pay our staff when we are able to perform as an open business. This loan does not assist our company if we pay our employees to remain at home while our business remains mandatory shut down without any generated revenue. We would like to utilize the loan, once our business is open to pay our employees and attempt to get back to standing order, with all of our severe losses. The concern stems from applying for the loan too late, when the monies are all distributed and we are no longer eligible because we waited too long, in the hopes of consuming the cash on employment payroll, utilized for servicing the business, as we know it.**

The purpose of the PPP is to maintain payroll & the payroll portion is forgiven. The simple answer is no since the forgiven calculation is based on the sum of the payroll costs incurred during the covered 8 week period compared to the previous year (or time period) proportionate to maintaining employees & wages (+ interest on mortgages + covered rent + covered utilities).

**27. What happens after the 8-week period when the loan is made & the State is still under a "Shelter in Place" or Covid-19 virus is still hampering the economy or certain business sectors? Would employees & owners still be eligible for unemployment benefits after the 8-week PPP loan period?**

The 8-week period is for the loan forgiveness portion. If you don't spend the funds during that time, you will have to pay part or all the loan back.

If you use the loan proceeds for Payroll, Utilities, Rent and Interest on debt you would not be in violation of the loan agreement, so you could technically get the loan and hold it for a bit, you just risk the loan not being forgiven.

**28. I have applied for the PPP. I have already laid off two employees, retaining only one at this time. If I am currently required to be closed by the Governor, will my loan forgiveness be affected because of this. Will I still qualify for forgiveness once I can reopen, and use those loan proceeds to rehire the laid off employees at their same compensation rate? And, will I have to pay interest while I wait to reopen?**

The short answer is yes, you can bring those employees back. I copied this from the PPP Fact sheet from the Treasury website that may answer your questions specifically:

You will owe money when your loan is due if you use the loan amount for anything other than payroll costs, mortgage interest, rent, and utilities payments over the 8 weeks after getting the loan. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs. You will also owe money if you do not maintain your staff and payroll.

- Number of Staff: Your loan forgiveness will be reduced if you decrease your full-time employee headcount.
- Level of Payroll: Your loan forgiveness will also be reduced if you decrease salaries and wages by more than 25% for any employee that made less than \$100,000 annualized in 2019.
- Re-Hiring: You have until June 30, 2020 to restore your full-time employment and salary levels for any changes made between February 15, 2020 and April 26, 2020.

As for interest:

What is my interest rate? 1.00% fixed rate. When do I need to start paying interest on my loan? All payments are deferred for 6 months; however, interest will continue to accrue over this period. When is my loan due? In 2 years. Can I pay my loan earlier than 2 years? Yes. There are no prepayment penalties or fees.

Source:

<https://home.treasury.gov/system/files/136/PPP--Fact-Sheet.pdf>

## Payroll

**29. A question has come up when we are calculating payroll for the 2.5x number in the application. My co-founder and I receive \$200,000 per year each as guaranteed payments. We are an LLC so, as Managers, we do not receive W-2 income (these guaranteed payments are not a distribution.)**

1. Can this still be included in our payroll computation? (Even if we restrict it to the \$100k limit) Assuming that you are applying for the loan at the LLC level, guaranteed payments to partners are the equivalent of a salary thus it would appear that they would factor into the computation of payroll, with appropriate limitations applied (i.e., \$100K compensation of an individual), in the determining the loan amount.
2. If we used the loan dollars for this purpose, will it be considered part of the portion that can be forgiven? If the loan dollars are used to satisfy the partners' guaranteed payments (i.e., salary/payroll), then it would seem that providing support that the payments were made would qualify them for forgiveness.

## Contractors/Self-Employed

**30. I have a few small businesses that have employees and contractors. They have asked if the PPP applies to both the paid employee and the therapists that they contract with and are on a service-based payroll schedule. Any guidance you can offer is appreciated.**

Contractors are eligible separately if they receive a 1099. They should not be included in your payroll expense total.

**31. I'm a personal trainer with my own business and I have no employees and no overhead (rent, utilities, etc.). If I am approved for a loan, would I be able to use that money just to replace my own income and still have that forgiven?**

Yes, the provision for self-employed includes net earnings from self-employment. This will likely be based upon a prior year tax return.

You will be eligible to apply starting April 10, 2020.

## Unemployment vs. PPP

**32. Will an employee receive the same amount of money drawing unemployment as they will through this program?**

It would depend on specific employees' wages. Some employees are better off getting unemployment. For example, if the maximum that can be earned from unemployment is \$362 a week (differs by state) and there is an additional \$600 from federal money, the max would be \$962/week.

## Taxes

**33. It has been reported that Schedule C Profit / Loss can be used for the PPP "Income" for the Owner of the business. However, I just participated in a webinar that stated that ONLY W-2 income was / could be used. Can you confirm which is correct?**

Only W-2 employment income can be included at this time. For those 1099 or independent contractors, they can enter PPP loan portal starting on 4/10.

**34. Can you please provide clarification on the following taxes, either included or excluded, from "Gross Wages" when calculating average monthly payroll for the Payroll Protection Program?**

There is supposed to be additional guidance/clarification pending, but at the moment, the calculations to receive the loan are based on 2019 total gross wages up to \$100,000.

As an aside, for those using ADP, ADP has a monthly payroll cost report that users can run that will not exclude federal employment or income tax withheld to support calculations for the PPP.

"As your payroll and HR partner, ADP can help you gather the information you need to apply for these loans. When applying for a loan, clients will be asked for specific information about their business, that can be quickly accessed with our new reports. Please select your ADP product below:

Note: As a result of the latest guidance from the government on April 2, 2020 regarding the Paycheck Protection Program (PPP) under the CARES Act, we have updated our Workforce Now® and RUN Powered by ADP® payroll cost reporting tools so that payroll costs do not exclude federal employment taxes or federal income taxes on employees withheld by the employer. We encourage WFN clients that ran their payroll cost report before April 5, 2020, and RUN clients that ran their payroll cost report before April 6, 2020, to re-run their report, and to do so as close in time as possible to submitting their application to their lending institution. As a result of this change in the method of calculation, you may be eligible for a higher PPP loan amount than if you ran a report before those dates. If you already filed your loan application, you should work with your lender to determine how you can amend your loan application to submit this updated information."

See website below for more info if interested:

<https://www.adp.com/contact-us/customer-service/paycheck-protection-program.aspx>

## Payroll

**35. Please provide specifics concerning this field. I know how to calculate the amount of our payrolls, but what is the correct number of employees? Is it the number now, the number on the last payday, the average for 2019, or some other number?**

Basically, a full-time employee is an employee who works over 30 hours per week. Part time employees are employees that do not. So, again basically, you count your full-time employees - and calculate your full-time equivalents then add the two together and the result is you full time equivalents.

**Full-Time Employees:** Any employee who works an average of at least 30 hours per week in a given month. Or at least 130 hours of service in a given month.

**Full-Time Equivalent:** The full-time equivalent of part-time employees is the number of hours worked by all your part-time employees in a given month divided by 120. For example: two employees who each work 15 hours/week are added together to equal one full-time employee.

# Tax Filing FAQs

Provided by the AICPA on April 8, 2020

## Correspondence

**1. Due to office shutdowns in major cities, taxpayers and tax preparers may not timely receive or respond to IRS communications/notices that are sent by mail. Will the IRS provide any relief for late responses due to COVID-19?**

Unfortunately, the IRS has not expressly announced any relief for affected taxpayers in regards to correspondence. The AICPA will continue to urge Treasury and IRS to provide generous and automatic relief for issues related to administrative actions such as expiring statutes of limitations, the processing of correspondence and other actions not already covered by previous relief related to COVID-19.

## Emergency Declaration

**2. If the United States has been declared a disaster area by the President, why is section 7508A relief not granted?**

Good point. Typically, when the President invokes the Robert T. Stafford Disaster Relief and Emergency Assistance Act, taxpayers are granted broad payment and filing relief under section 7508A. However, the IRS's approach to COVID-19 has not been consistent with how the agency treated tax payment and filing deadlines over the last several years following a federally-declared disaster. The AICPA continues to advocate the need for comprehensive relief with Treasury and IRS officials. This is a priority for our members.

## E-Signatures

**3. Has the IRS provided e-signature authorization on all forms (such as, Form 8879) to allow e-filing without needing to meet with the taxpayer in person?**

On March 27, the IRS issued a memorandum saying they would temporarily accept digital signatures on certain documents to protect their employees. However, it is unclear whether this relief also applies to Form 8879, which would allow millions of taxpayers to e-file their returns. The AICPA contacted Treasury and IRS several times urging them to confirm that the recent changes to their e-mail and digital signatures policy apply broadly to all types of returns and forms. It is important for the IRS to take whatever measures are possible to allow taxpayers and their preparers to utilize technology, such as e-signatures, to keep a safe distance from others during the pandemic. (Unofficially, IRS has told us that we should assume the new policy only applies to the specific collection forms listed in their memorandum. This response is unacceptable given the impact of COVID-19 on the entire Country.)

## Estates

### **4. Has IRS announced filing or payment relief for Form 706? How can IRS expect taxpayers and practitioners to file estate tax returns (which are paper) when offices are under mandatory shut down?**

Notice 2020-20 and IRS FAQ #7 only offer relief for gift taxes and the GST tax. The AICPA has continued to discuss the impractical nature of filing and paying estate taxes on Form 706 in the current environment with Treasury and IRS. We are expecting further guidance and relief in this area.

## Tax Payments

### **5. Was relief for estimated tax payments limited to individuals and corporations (or does it also apply to estates, trusts, S corporations and other entities)?**

Notice 2020-18 provides relief to any taxpayer defined as a “person,” which also included estates, trusts, S corporations and other entities. However, relief has only been granted for estimated tax payments with an April 15 due date, and not on any other date. IRS FAQ #1 confirms that estimated payments on any other date is not deferred. The AICPA has repeatedly requested that IRS and Treasury grant relief to tax payments that occur on other than April 15.

### **6. How will IRS treat 2019 overpayments and excess Q1 payments?**

The IRS has not provided definitive guidance. It is reasonable that 2019 overpayments and excess Q1 payments would be credited to the next payment due. We expect additional FAQs to be issued soon to address this concern.

### **7. Has the IRS indicated whether they are considering relief for Q2, Q3 and Q4?**

The IRS has not officially provided relief for any payments other than Q1. The AICPA has advocated for Q2 relief and urged Treasury and the IRS to develop a contingency plan for deadlines occurring after July 15.

## Extensions

### **8. Given that the IRS has not provided filing/payment extensions to many types of returns and the extreme difficulty of some taxpayers to meet their filing deadlines, is a zero-extension valid?**

Currently, the IRS has not provided a response to our question regarding the validity of zero-extensions. This is a high priority issue for us as many members are asking this question. We think that Treasury and the IRS should offer generous and automatic relief for other issues related to administrative actions such as expiring statutes of limitations, the processing of correspondence, and other actions not already covered by previous relief related to COVID-19.

## Fiscal Year Entities

### **9. Has IRS provided relief for partnership and corporation filings for fiscal year filers with the year ending January 31, 2020?**

Notice 2020-18 only granted filing and payment relief if the fiscal year filer had a payment or return due date of April 15 (regardless of extension). IRS FAQ #1 and FAQ # 5 confirm. We recognize that this approach is inconsistent with how tax deadlines have been dealt with in the past in a disaster zone. The AICPA continues to urge Treasury and IRS to grant broad relief for all taxpayers with a payment or return due date between March 3 and July 15.

## IRAs/Retirement Plans

### **10. The CARES Act suspended required minimum distributions (RMDs) for 2020. What if individuals already took their RMD for 2020? Are they permitted to contribute the amount back into their IRA?**

If an individual already took out their RMD for 2020, there is an opportunity to recontribute it as a rollover if it is recontributed within the 60-day rollover period. The AICPA supports broader relief for those individuals who are outside the 60-day window.

## Gift & GST Tax

### **11. Has IRS provided filing or payment relief for Form 709? If yes, does the relief extend to GST elections on the return?**

Notice 2020-20 extended filing and payment for Form 709 to July 15 and we think that if the GST election out of automatic allocation is on a timely filed gift tax return, including on a Form 709 filed by the postponed 7/15 deadline, the IRS should treat the election as valid. However, Notice 2020-20 did not specifically address elections. The AICPA continues to discuss the need for comprehensive relief (including elections) with Treasury and IRS officials.

## IRS Closures

### **12. With the IRS shutting down many critical services, like that PPS line and various help desks, how are tax preparers expected to resolve issues that only the IRS can resolve?**

We understand that the IRS is dealing with an unpredictable crisis and they must do what they can to keep their employees safe. However, these shutdowns will not permit taxpayers and their advisors to get the help they need to file their returns. The AICPA continues to advocate the need for comprehensive relief with Treasury and IRS officials given the evolving nature of the COVID-19 pandemic.

## Non-Income Tax Payments

### 13. Has the IRS granted any relief for non-income tax payments, such as payroll or excise tax deposits?

Currently, there's no relief for non-income tax payments under recently issued IRS guidance (except for gift tax and GST tax in Notice 2020-20). This approach is entirely inconsistent with how the IRS has treated tax payment and filing deadlines over the last several years following a federally-declared disaster. The AICPA continues to discuss the need for comprehensive relief (including the need to delay non-income tax payments) with Treasury and IRS officials, and Congress did provide some payroll tax relief in the FFCRA and CARES.

## Related Forms/Elections

### 14. Has the IRS provided any relief for information reporting forms (such as Form 3520 and Form 5471)?

Notice 2018-18 does not provide relief for information reporting forms. According to the AICPA, this approach is unacceptable given the unprecedented challenges facing taxpayers and tax preparers during the COVID-19 pandemic. Mike Desmond, IRS Chief Counsel, has stated that "We have received hundreds of additional comments in terms of time-sensitive dates in the internal revenue laws that are not covered by that April 15 payment and filing deadline extension. Those are all being triaged here, and we're considering all of them." The AICPA continues to discuss the need for comprehensive relief (including information reporting forms) with Treasury and IRS officials, and is optimistic that information returns will receive needed relief.

### 15. Has the IRS provided any relief for related information returns that are filed with a return that was granted an automatic extension (such as Form 1040)?

Notice 2018-18 does not provide relief for information returns. IRS FAQ #10 specifically states that relief only applies to the filing of Federal income tax returns due April 15, 2020. However, the IRS did grant an extension of time to file to FATCA information returns. The guidance does not specifically grant relief to FBAR filings; however, an automatic extension is available without the need to file a form. According to the AICPA, this approach is unacceptable given the unprecedented challenges facing taxpayers and tax preparers during the COVID-19 pandemic. We continue to discuss the need for comprehensive relief (including information returns) with Treasury and IRS officials.

### 16. Does the postponement of the 4/15 deadline apply to "timely elections"?

Notice 2018-18 does not provide relief for timely elections. According to the AICPA, this approach is unacceptable given the unprecedented challenges facing taxpayers and tax preparers during the COVID-19 pandemic. Mike Desmond, IRS Chief Counsel, has stated that "We have received hundreds of additional comments in terms of time-sensitive dates in the internal revenue laws that are not covered by that April 15 payment and filing deadline extension. Those are all being triaged here, and we're considering all of them." The AICPA continues to discuss the need for comprehensive relief (including elections) with Treasury and IRS officials, and is optimistic that elections will receive needed relief.

## 17. Has an extension of time been granted to file or revoke certain business elections (such as, method of accounting changes or S corporation elections)?

Notice 2018-18 does not provide relief for filing or revoking business elections. According to the AICPA, this approach is unacceptable given the unprecedented challenges facing taxpayers and tax preparers during the COVID-19 pandemic. Mike Desmond, IRS Chief Counsel, has stated that “the IRS is considering the best way that can be done and is aware taxpayers need guidance soon.” The AICPA continues to discuss the need for comprehensive relief (including business election) with Treasury and IRS officials, and is optimistic that business elections will receive needed relief.

## State Filing and Payment Relief

### 18. How do I know if a state has provided any filing or payment relief? Are most states following federal relief?

The AICPA developed a state filing relief chart that is timely updated to track state developments, guidance releases, and summaries. Most states are following federal relief measures, but it is important to check state specifics when filing.

## Tax-Exempt Organizations

### 19. Has IRS provided filing or payment relief for the Form 990 series returns?

Currently, there is no relief for filing or payments related to Form 990 series. Similar to other relief measures that do not fall on April 15, the AICPA continues to discuss and urge Treasury and IRS to follow normal disaster-guidance procedures, and offer broad relief. We expect additional relief measures and FAQs soon.

## U.S. Citizens Residing Abroad

### 20. Has IRS provided filing or payment relief for citizens living abroad (or is their return still due June 15th?)

The current guidance and accompanying FAQs do not specifically address this situation – and the AICPA believes that relief has not been provided. We have asked for additional clarification, and expect additional FAQs to hopefully address more issues that practitioners are encountering.

## Still have a question?

If your specific question was not answered in this FAQ document, please contact the Michigan Association of CPAs at [caresresources@micpa.org](mailto:caresresources@micpa.org).

Due to the high volume of questions, a response may not be immediate. Please be sure to check this FAQ resource before submitting your question as you may find it has already been answered.