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March 18, 2020

Update: Impact of COVID-19 on April 15 tax payments

Dear Client:

The spread of COVID-19 continues to impact this tax season. You may have heard that the IRS and Department of Treasury have extended the deadline for making April 15 tax payments. Here are the details as we know them today. As with everything related to this pandemic, the rules may change again in the coming days.

On March 18, 2020, the Department of Treasury issued guidance allowing all individuals and other non-corporate filers to defer up to \$1 million (in the aggregate) of federal income tax (including self-employment tax and first quarter 2020 estimated tax) payments due on April 15, 2020 until July 15, 2020 without penalties or interest. In addition, corporations can defer up to \$10,000,000 in aggregate federal income tax payments.

This new guidance is welcomed relief for taxpayers and the accounting profession. However, while it extends the deadline for making payments, the guidance does not extend the due date for filing the related income tax returns. This means that an extension must still be filed if a return is not complete by April 15.

Not all states, including Michigan, have issued guidance on extensions of time to file and/or pay balances due, but we anticipate that they will soon now that the Department of Treasury has issued its guidance.

As a firm, we do not plan on significantly changing our approach to the April 15 deadline. We are planning to work our typical extended hours and get as much work completed and distributed to our clients as possible before April 15. Given this new guidance, however, we do have the opportunity to extend returns as needed in order for us to thoroughly prepare and review each return with no negative impact to our clients.

Jansen Valk Thompson Reahm PC
Extended Tax Payment Deadline – COVID-19

We will continue to work using our general philosophy of preparing and reviewing returns on a first in, first out basis. However, we may request you to allow us to extend your return where the above relief is applicable to your situation so that we can complete other returns sooner, where another taxpayer may have a refund coming or needs their tax return for other reasons like bank financing or other immediate requirements.

JVTR is committed to providing you with quality, timely tax preparation services and we appreciate your patience and understanding as we all work through these difficult times.

We are monitoring guidance coming from the federal and various state governments to make sure that we stay informed of latest developments. We will update you, as needed, if additional changes are made to this guidance.

Please feel free to reach out with any questions or concerns. We wish you the best during this unprecedented situation.

Sincerely,

JANSEN VALK THOMPSON REAHM PC

A handwritten signature in black ink, appearing to read "James R. Valk". The signature is fluid and cursive, with the first name "James" being the most prominent part.

James R. Valk, CPA/ABV

Managing Principal