

Oregon Tax Specialists, Inc.

March 23, 2020

DEADLINES:

* **FEDERAL:** Individual 1040 filing & payment of tax due for year 2019 deadline

Extended to

July 15th, 2020

* **FEDERAL:** Individual 1 Qtr ES/20 tax payment normally due April 15th, 2020

Extended to

July 15th, 2020

* **IRA & H.S.A. contributions for year 2019 are also**
Extended to July 15, 2020

PENDING:

* **OREGON:** No deadline changes announced yet. It is expected that Oregon will follow federal extended due dates.

* **PAYROLL:** Congress has made no changes to rules for payment of payroll taxes at this time. File as usual and OTS will inform you of any changes.

OTS TRIVIA:

* OTS has collectively 99 years of licensed professional tax law experience.

Oregon Tax Specialists, Inc. is following the lead of many of our fellow business colleagues by closing our walk-in client contact and only handling business through mail, drop off, telephone, and/or e-mail. We may be shutting down completely depending on development of guidelines for protection of us all.

- **COMPLETED RETURNS:** If you owe tax and your returns are already completed and e-filed, you have until July 15, 2020 to pay. Be sure your payment is post-marked on or before that date. If you have refunds coming, they will not be delayed.
- **APPOINTMENTS:** Thank you for getting your info in to us by your scheduled appointment date. We will try to keep up the pace and get your returns completed but that plan could be de-railed. Since the filing and payment due dates are extended to 7/15/20, that gives us more time to complete the returns.
- **GATHER & DROP:** Please gather your 2019 tax documents and drop them through our drop slot at the bottom of the door just to the North of our front entrance. We will be working on the returns and will be in touch with you as we complete your returns.
- **REFUND FOCUS:** We will focus on the refund returns so folks won't have to wait to get their much needed money. Those of you that have tax due on your 2019 return have until July 15th, 2020 to pay. We will be in touch when your returns are being prepared.
- **ES/20 VOUCHERS AVAILABLE:** If you want to pay your ES/20 payments on the normal payment date schedule and you do not have vouchers, let us know and we will calculate the amount and mail vouchers to you.
- **EXTENSIONS:** If extensions are required, we will make sure they are filed for you.
- **PATIENCE:** Your patience is greatly appreciated since guidelines for all our safety are changing rapidly. We will get back to normal business functioning as soon as possible.
- **PENDING LEGISLATION** See reverse side for pending legislation info, changing by the minute!!



Be Safe. Be Kind.

We will make it through this!

PENDING CONGRESSIONAL CORONAVIRUS LEGISLATION (AS OF MARCH 20, 2020):

Following are some of the changes under consideration. 2020 recovery rebates for individuals. Recovery checks of up to \$1,200 will be put into the hands of most taxpayers, providing cash immediately to individuals and families. Married couples who file a joint return are eligible for up to \$2,400. Those amounts increase by \$500 for every child. These checks are reduced for higher income taxpayers and begin phasing out after a single taxpayer has \$75,000 in adjusted gross income and \$150,000 for joint filers. The IRS will base these amounts on the taxpayer's 2018 tax return. The rebate amount is reduced by \$5 for each \$100 a taxpayer's income exceeds the phase-out threshold. The amount is completely phased-out for single taxpayers with incomes exceeding \$99,000 and \$198,000 for joint filers. The IRS will base these amounts on the taxpayer's 2018 tax return. Taxpayers with little or no income tax liability, but at least \$2,500 of qualifying income, would be eligible for a minimum rebate check of \$600 (\$1,200 married). Qualifying income includes earned income, as well as Social Security retirement benefits and certain compensation and pension benefits paid to veterans. This ensures relief gets to low income seniors and disabled veterans.

Delay of certain deadlines: The provision extends the April 15th filing date to July 15th, giving individuals more time to file their tax returns given the limitations caused by the COVID-19 emergency. The filing date would be aligned with the extended payment filing date already announced by the Internal Revenue Service. The provision also allows all individuals to postpone estimated tax payments due from the date of enactment until October 15, 2020. There is no cap on the amount of tax payments postponed, and any individual required to make estimated tax payments can take advantage of the postponement. This delay should increase the available cash flow for individuals experiencing cash shortfalls as a result of the COVID-19 emergency.

Special rules for use of retirement funds Consistent with previous disaster-related relief, this provision waives the 10-percent early withdrawal penalty for distributions up to \$100,000 from qualified retirement accounts for coronavirus-related purposes. In addition, income attributable to such distributions would be subject to tax over three years, and the taxpayer may recontribute the funds to an eligible retirement plan within three years without regard to that year's cap on contributions. Further, the provision provides flexibility for loans from certain retirement plans for coronavirus-related relief. A coronavirus-related distribution is a distribution made to an individual: (1) who is diagnosed with COVID-19, (2) whose spouse or dependent is diagnosed with COVID-19, or (3) who experiences adverse financial consequences as a result of being quarantined, furloughed, laid off, having work hours reduced, being unable to work due to lack of child care due to COVID-19, closing or reducing hours of a business owned or operated by the individual due to COVID-19, or other factors as determined by the Treasury Secretary.

Allowance of partial above the line deduction for charitable contributions. The provision encourages Americans to contribute to churches and charitable organizations in 2020 by permitting them to deduct up to \$300 of cash contributions, whether they itemize their deductions or not. Modification of limitations on charitable contributions during 2020: The provision increases the limitations on deductions for charitable contributions by individuals who itemize, as well as corporations. For individuals, the 50-percent of adjusted gross income limitation is suspended for 2020. For corporations, the 10-percent limitation is increased to 25 percent of taxable income. This provision also increases the limitation on deductions for contributions of food inventory from 15 percent to 25 percent.

Delay of estimated tax payments for corporations: The provision allows corporations to postpone estimated tax payments due after the date of enactment until October 15, 2020. There is no cap on the amount of tax payments postponed. This delay will provide critical cash flow to help businesses maintain operations and continue paying employees during the COVID-19 emergency.

Delay of payment of employer payroll taxes: The provision allows employers and self-employed individuals to defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal government with respect to their employees. All employers are responsible for paying a 6.2-percent Social Security tax on employee wages. The provision requires that the deferred employment tax be paid over the following two years, with half of the amount required to be paid by December 31, 2021 and the other half by December 31, 2022.