



## IRS Expands COVID-19 Relief for Filing and Payment Deadlines to Include Fiduciary Income Tax Returns, Federal Estate Tax Returns and Related Forms

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As we have described in previous tax alerts, the Internal Revenue Service (the IRS) has issued various notices addressing both payment and filing deadlines for taxpayers affected by the COVID-19 pandemic. On March 18, 2020, for example, the IRS issued Notice 2020-17, which [postponed the due date for various tax payments](#) (but not the filing of returns) from April 15 to July 15. Soon thereafter, on March 20, 2020, the IRS issued Notice 2020-18 and extended the due date for the filing of various returns, as we [covered here](#), including the U.S. Individual Income Tax Return, Form 1040, thereby effectively moving “Tax Day” from the traditional April 15 deadline to July 15. Most recently, on March 27, 2020, [the IRS issued Notice 2020-20](#), which provided additional context to Notice 2020-18 by postponing filing and payment deadlines for Federal Gift and Generation-Skipping Transfer Tax Returns (Forms 709).

However, there was no discussion in Notice 2020-20 of any extension of time to file a Federal Estate and Generation-Skipping Transfer Tax Return (Form 706). These returns are typically due nine months after the date of death of a decedent. An automatic six-month extension of time to file Form 706 can be obtained by filing Form 4768. Notice 2020-20 also omitted any mention of filing deadlines for the basis return that is required to be filed by taxable estates (Form 8971), which is usually due thirty days following the filing of Form 706. Moreover, Notice 2020-20 failed to provide specific guidance to trusts and estates with an obligation to file fiduciary income tax returns (Forms 1041), which are normally due three and a half months following the entity’s fiscal year end. An automatic five-and-a-half-month extension can be obtained by filing a Form 7004.

Fortunately, however, the IRS has now issued Notice 2020-23, which expounds upon both notice 2020-18 and Notice 2020-20 by providing various new updates for taxpayers. While Notice 2020-23 covers a variety of returns and deadlines, this alert will specifically focus on the Notice’s implications for taxpayers obligated to file Forms 706, Forms 1041 and related forms. The business-related implications of Notice 2020-23 will be addressed in a separate forthcoming alert.

Notice 2020-23 provides that “Affected Taxpayers”—including estates obligated to file Forms 706 and Form 8971, and estates and trusts under an obligation to file Forms 1041—are those taxpayers who normally would be required to file the specified returns between April 15, 2020, and July 15, 2020, whether based on the regular due dates for such returns or due dates arising from valid extension requests. Affected Taxpayers now have until July 15, 2020 to file these returns and make the requisite payments. Such deadline extensions are automatic and do not require the filing of additional forms with the IRS. If a filing extension beyond July 15, 2020 is desired, however, the appropriate form for extension may be filed to obtain the usual relief; but, this extension request will only extend the filing deadline to what would otherwise have been the extended deadline without this COVID-19 relief, and it will not extend the deadline for payment past July 15, 2020.

For example, if an estate would normally be required to file a Form 1041 with payment due by April 15, 2020, it may still file a Form 7004 seeking an automatic extension of time to file—but such extension would only run until October 15, 2020, just as it would have without the relief provided by Notice 2020-23. Payment would still be due by July 15, 2020 as well.

Notice 2020-23 also defines “Affected Taxpayers” to include those taxpayers required to file various other returns related to federal estate and gift tax returns and fiduciary income tax returns, including Form 706-A (United States Additional Estate Tax Return); Form 706-QDT (U.S. Estate Tax Return for Qualified Domestic Trusts); Form 706-GS(T) (Generation-Skipping Transfer Tax Return for Terminations); Form 706-GS(D) (Generation-Skipping Transfer Tax Return for Distributions); Form 706-GS(D-1) (Notification of Distribution for a Generation-Skipping Trust); and Form 8971, as previously described.

In addition, Notice 2020-23 extends payment deadlines for estate tax payments due pursuant to elections made under Code Sections 6166 (along with annual recertification requirements required thereunder), 6161 and 6163. Any such payments that otherwise would be due between April 15, 2020 and July 15, 2020 may now be paid as late as July 15, 2020.

Finally, Notice 2020-23 addresses quarterly estimated tax payments for individuals, trusts, estates, and other entities. Prior to the release of this Notice, the IRS had granted extensions for payment of first quarter estimates otherwise due on April 15, 2020 to July 15, 2020—resulting in an odd situation in which second quarter payments would be due on the usual due date of June 15, 2020, while first quarter payments would not be due until July 15, 2020. Notice 2020-23, however, avoids this result by providing that payment deadlines that would otherwise fall between April 1, 2020 and July 15, 2020 are now extended to July 15—meaning that both first and second quarter estimates will now be due on July 15.

Williams Mullen will continue to monitor the actions taken by the IRS to provide relief to taxpayers during the COVID-19 pandemic. For further information, please contact any member of our team.

*Please note: This alert contains general, condensed summaries of actual legal matters, statutes and opinions for information purposes. It is not meant to be and should not be construed as legal advice. Readers with particular needs on specific issues should retain the services of competent counsel.*

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