

State Tax Observations

States Continue to Update Guidance on Income, Sales and Other Tax Deadline Extensions

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This article is part of a continuing series updating our clients regarding the effects on tax filings due to COVID-19.

As of Monday, March 30, 2020, most of the states have further updated their guidance with respect to the relief being provided. We address the tax filing deadline extensions for the following states:

Northeast Region	Other
Connecticut	California
Massachusetts	Florida
New Jersey	Illinois
New York State	Maryland
New York City	Texas
Pennsylvania	
Rhode Island	

Generally, in addition to the above states, more states have announced income tax filing and payment extension deadline dates – although not all match the federal deadline dates. Estimated tax payment dates have extended deadline dates as well. Certain states have also granted sales tax filing extended deadline dates, including some which did so retroactively to March 20, 2020.

Federally, “Tax Day” has been moved from April 15, 2020 to July 15, 2020. Individuals and businesses will have this additional time to file **and** make payments without interest or penalties.

Northeast Region

In the region, the developments as of March 30, 2020 are as follows.

Connecticut

In Connecticut, for personal income tax returns due April 15th, an extension mirroring the federal extensions for filing and payment has been announced. The July 15, 2020 extension of time also applies to Connecticut estimated income tax payments for the first and second quarters of 2020.

For business returns, the filing deadlines for certain annual tax returns due on or after March 15, 2020, and before June 1, 2020, are extended. Specifically, for the following, the impacted returns and the associated filing dates and payment deadlines are set forth below:

- **2019 Form CT-1065/CT-1120 SI Connecticut Pass-Through Entity Tax Return:** The filing date is extended to April 15, 2020; the payment deadline is extended to June 15, 2020.
- **2019 Form CT-990T Connecticut Unrelated Business Income Tax Return:** The filing date is extended to June 15, 2020; the payment deadline is extended to June 15, 2020.
- **2019 Form CT-1120 and CT-1120CU Connecticut Corporation Business Return:** The filing date is extended to June 15, 2020; the payment deadline is extended to June 15, 2020.

On March 30th, the Connecticut Department of Revenue Services extended the filing and payment deadlines for sales and use tax returns for small business taxpayers. A small business taxpayer is a taxpayer that has \$150,000 or less in annual sales tax liability. To determine if they qualify, taxpayers are required to utilize a calendar year look back period of January 1, 2019 through December 31, 2019.

The relief also is available for the room occupancy tax. A taxpayer that collects both sales tax and room occupancy tax must evaluate each tax separately to determine eligibility for relief.

For monthly sales tax and room occupancy tax filers: returns and payments due March 31, 2020 and April 30, 2020 are extended to May 31, 2020. For quarterly sales tax and room occupancy tax filers: returns and payments due April 30, 2020 are extended to May 31, 2020. Taxpayers who have already filed and paid taxes due on March 31, 2020 cannot get a refund on the taxes already paid.

Massachusetts

For taxpayers with federal filing obligations, the Massachusetts Department of Revenue will mirror the federal relief for taxpayers with Massachusetts tax filing requirements.

The state has also announced tax relief for sales tax, meals tax, and room occupancy tax. Specifically, Massachusetts will waive all penalties, and has established that all taxes which are due in March, April and May will now be due on June 20, 2020. Businesses that paid less than \$150,000 in regular sales plus meals taxes in the year ending February 29, 2020 will be eligible for relief for sales and meals taxes, and businesses that paid less than \$150,000 in room occupancy taxes in the year ending February 29, 2020 will be eligible for relief with respect to room occupancy taxes.

On March 24, 2020, Governor Baker announced that he was filing legislation to allow municipalities to waive late-payment penalties for fourth-quarter tax bills due May 7, 2020, to extend bill due dates to June 7, 2020 from April 7, 2020, and to extend the deadline for property tax exemptions and deferrals to June 1st.

New Jersey

The New Jersey House and Senate passed a bill to extend the time to file individual gross income tax and corporation business tax returns. The bill is expected to be signed into law by Governor Murphy. However, the extended due date will be no later than June 30, 2020.

On March 23rd, the New Jersey House passed a bill that would establish a sales tax credit against small businesses' sales tax collections and a sales tax holiday for small businesses. A "small business" is defined as any business that is independently owned and operated and employs fewer than 100 employees.

New York State

On March 29th, Governor Cuomo issued an Executive Order authorizing the New York State Tax Commissioner to extend the deadline to July 15, 2020 for all personal income tax and corporation tax

returns and payments, originally due on April 15, 2020. Specifically, the Commissioner is allowing taxpayers to defer to July 15, 2020, without penalties and interest regardless of the amount owed, all related tax payments that were due on April 15, 2020, including installments of estimated taxes for the 2020 tax year.

Taxpayers unable to file their 2019 return by July 15, 2020 can request an automatic extension to file their return by October 15, 2020 (September 30, 2020 for calendar year fiduciary income tax returns), if the extension request is filed by July 15, 2020 and they properly estimate and pay the 2019 tax liability with the extension request.

No extension was provided for the payment or deposit of any other type of state tax or the filing of any state information return. Also, remittances of income tax withheld by employers are required to be made on time.

In addition, on March 20th Governor Cuomo issued an Executive Order expanding the NYS Tax Commissioner's authority to abate late filing and late payment penalties to include an abatement of interest on sales and use tax filings that were due on March 20, 2020 as long as the payment is received within 60 days from this date. Taxpayers seeking interest and penalty abatements for COVID-19 related filing and payment delays may request relief by visiting the Department's website.

New York City

The New York City Department of Finance issued two Finance Memoranda, one relating to NYC administered business and excise taxes and the other for real property transfer tax.

For business and excise taxes, while underpayment, late filing and late payment penalties will be waived for such taxes that were due between March 16, 2020 and April 25, 2020, interest will still be imposed from the original due date. However, the Finance Memorandum states, "Taxpayers may request to have the penalties waived on a late filed extension or return in a separate request."

This leaves the following unanswered questions:

- Is a filing required by April 15th?
- If penalties are being waived, why does relief have to be requested in writing?
- By when do payments have to be made?
- Does this include first quarter unincorporated business tax estimates due April 15th?
- Does this include NYC commercial rent tax that was due March 20, 2020?

The Finance Memorandum for real property transfer tax contained the same language.

Pennsylvania

The Pennsylvania Department of Revenue (DOR) announced that the deadline for taxpayers to file and pay their 2019 Pennsylvania personal income tax returns is extended to July 15, 2020. The DOR will waive penalties and interest on personal income tax payments through the new deadline date. The extension applies to estimated payments for the first and second quarters of 2020.

The DOR announced that it is waiving penalties for businesses that were required to make Accelerated Sales Tax (AST) prepayments by March 20, 2020. Moreover, for April sales tax payments, the Department is waiving the AST prepayment requirement and asking businesses to simply remit the sales tax that they have collected in March.

Rhode Island

The Rhode Island Division of Taxation announced that it will mirror the extensions of the federal filing and payment deadlines for individual income and corporation business taxes. No penalties nor interest will be assessed for those who file on or before July 15, 2020.

No extensions have been granted for filing and payment of sales and use tax.

Other States

California

The California Franchise Tax Board announced that the filing and payment deadlines are automatically extended to July 15, 2020 without penalties or interest for all individuals and calendar-year business entities. These extensions apply to:

- 2019 tax returns;
- 2019 tax return payments;
- 2020 estimated tax payments for the first and second quarter;
- 2020 LLC taxes and fees; and
- 2020 non-wage withholding payments.

Fiscal year businesses are granted comparable extended deadlines.

In addition, the California Employment Development Department (EDD) announced that employers who are directly affected by COVID-19 may request up to a 60-day extension of time to file their state payroll reports and/or deposit payroll taxes without penalty or interest. The EDD must receive a written request for extension within 60 days from the original delinquent date of the payment or return.

The California Department of Tax and Fee Administration (CDTFA) said it is granting extensions for affected individuals and businesses for the filing of sales tax returns and making payments, as well as relief from interest and penalties through May 11, 2020. The CDTFA is also granting an extension to file a refund claim through this date. Taxpayers may request assistance by contacting the CDTFA online or by mail.

The California Office of Tax Appeals said that an automatic 60-calendar-day extension of the deadline will be granted for appeals that had a scheduled briefing or other deadline falling from March 1, 2020 through May 18, 2020.

Florida

Florida has not yet extended the deadline for the filing of corporate income tax returns, but the possibility for an extension is still under discussion. The Florida Department of Revenue (DOR) is working with taxpayers who are adversely affected by the impact of COVID-19 on a case-by-case basis. However, on March 26th, the DOR issued guidance to extend certain filing deadlines for Florida businesses. The guidance addresses February and March reporting periods for sales and use tax, including the discretionary sales surtax. Interest and penalties for the February 2020 period for those taxpayers unable to meet the March 20th due date are waived if the taxes are reported and remitted by March 31, 2020.

For the March 2020 reporting period, taxpayers not adversely affected by the COVID-19 outbreak are required to continue to file and pay taxes collected during March 2020 on or before April 20, 2020. For

taxpayers who have been adversely affected by the COVID-19 outbreak, the due date for March 2020 returns is extended from April 20, 2020 to April 30, 2020.

Illinois

On March 25, 2020, the Illinois Department of Revenue announced that the filing deadline for Illinois income tax returns has automatically been extended from April 15, 2020 to July 15, 2020. This relief applies to all individual returns, trusts, and corporations. However, this relief does not impact the first and second installments of estimated payments for 2020 taxes that are due April 15th and June 15th.

The state is providing sales tax relief from penalties and interest for eating and drinking establishments that incurred a total sales tax liability of less than \$75,000 during calendar year 2019. Qualified taxpayers will not be charged penalties or interest on late payments for sales tax liabilities that are due for the February, March and April 2020 reporting periods. The extension allows eligible taxpayers to spread such sales tax payments over four months (specifically, one-quarter on May 20, 2020, June 22, 2020, July 20, 2020 and August 20, 2020).

Maryland

Maryland is automatically following the IRS extended deadlines for individual and corporation taxes.

The due date for returns due in March, April and May for businesses filing sales and use tax; withholding tax; admissions and amusement tax; and alcohol, tobacco and motor fuel excise tax returns have been extended to June 1, 2020. Businesses filing and paying by this date will receive a waiver of interest and penalties.

Texas

The Texas Comptroller of Public Accounts (Comptroller) has stated that it is not extending the March 20, 2020 due date for state and local sales tax; hotel taxes; mixed beverage gross receipts and sales taxes; motor vehicle rental tax; seller-financed motor vehicle sales tax; and motor fuels tax collected in February 2020.

However, on March 24, 2020, the Comptroller's office announced that it is offering short-term payment agreements and, in most instances, waivers of penalties and interest for sales tax collected by taxpayers in February. To take advantage of the opportunity, taxpayers must call an Enforcement Hotline.

Contact Us

PKF O'Connor Davies is monitoring the situation with the states. If you have any questions regarding state tax deadlines, or state taxes generally, contact:

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