

State Tax Observations

States Provide Further Guidance on Income, Sales and Other Tax 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.

Specifically addressed in this update is the relief being provided by certain Northeast Region states (and New York City) as well as other states as follows:

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

Generally, 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 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 are as follows.

Connecticut

In Connecticut, for personal income tax returns due April 15, 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.

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.

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.

New York State

The New York State Department of Taxation's website currently states, it "has not extended the deadline to file personal income tax or other tax returns. We will post additional guidance as it becomes available." However, the NYS Budget Director stated that the New York State deadline "is the federal deadline."

In addition, 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 for 60 days interest on sales and use tax filings that were due on March 20, 2020.

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 15?
- 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 15?
- 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.

Rhode Island

Although there is no legislation passed yet, Governor Raimondo announced that Rhode Island's deadlines will mirror the federal extensions for individual income and corporation business taxes. 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 passed legislation, but Governor DeSantis announced last week that the state will offer flexibility on the deadlines of taxes due, including corporate income taxes and sales taxes.

Illinois

Illinois has not yet released any guidance regarding individual income, corporate income, and franchise tax deadline extensions.

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.

The due date for returns due in March, April and May for businesses filing sales and use tax; withholding

tax; admissions and amusement tax; alcohol, tobacco and motor fuel excise taxes; tire recycling fee returns; and bay restoration fee 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 has not yet announced any statewide extensions for filing any Texas taxes except 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.

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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