

FAMILIES FIRST CORONAVIRUS RESPONSE ACT – TAX

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The recently enacted Families First Coronavirus Response Act provide a number of tax and financial benefits that will have an immediate benefit to most if not all. First and foremost is the Treasury's 90-day extension in any income tax payments due on April 15th. Individuals who will owe up to \$1,000,000.00 in income taxes can defer their amount due under this newly enacted law. This limitation for individuals is also applicable to pass through entities (LLC or partnership) and small businesses filing under subchapter S. Corporations with income tax liabilities up to \$10,000,000.00 will qualify for this same 90-day extension. Any payments that are made under this 90-day extension will not be subject to interest or penalties. Individual tax payers have also been granted an extension in filing their tax returns as required by the April 15th deadline. The new filing deadline will align with the 90-day extension granted on tax payments discussed above.

The Connecticut Department of Revenue Services has also granted automatic extension of Connecticut filing deadlines for certain tax returns. Filing deadlines for certain annual returns due on or after March 15th and before June 1st are extended by at least 30 days and the associated payments are also extended to the corresponding due date in June. In particular the 2019 Form 1065/CT 1120 Connecticut Pass through Entity Tax Return filing date has been extended to April 15th with a payment deadline now of June 15th. The 2019 Form CT 990T Connecticut Unrelated Business Income Tax Return filing deadline has been extended to June 15th with payment deadline now extended to June 15th. The 2019 Form CT 1120 and CT 1120CU Connecticut Corporation Business return filing dated has been extended to June 14th with payment deadline extended to June 15th. Individual Connecticut State Income Tax Returns filing and payment requirements will be adjusted to align with the IRS enacted extension provisions.

In addition to the relief being afforded the individual income tax payer, the Federal Government is also providing 100% refundable tax credits to private sector employers. These credits are available to employers with fewer than 500 employees who are required to provide sick leave and family leave benefits. The credits are claimed against the employer-share of payroll tax liability with any excess being refunded back to the employer. Payments to employees would be taxable income to the employees and subject to the employee payroll taxes, but not subject to the employer portion of the payroll taxes. The employer must include the amount of the tax credit as taxable income in their respective tax return. Employers can waive the right to the credit.

The President and the Congress continue to navigate through this period of uncertainty and many other legislative changes are certainly on the horizon. In the coming days and weeks, we expect the US Department of the Treasury will be implement additional changes. Collins Hannafin will continue to monitor any changes and communicate them out as quickly as possible. Please don't hesitate to call or email me with any questions or concerns.