

# COVID-19 Tax Relief

What Restaurant Owners Need to Know

Presented by Tenenbaum Law

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Webinar will begin at 11 a.m.

# New York State Restaurant Association Webinar

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## COVID-19 TAX RELIEF What Restaurant Owners Need To Know

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# General Disclaimer

- These topics are fluid as the reactions to COVID19 evolve. This Webinar was recorded on 3/27/2020 before the CARES Act was enacted. It is intended for discussion purposes only and is not intended to be legal advice.
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# Federal Relief for Taxpayers Affected by Ongoing Coronavirus Disease 2020 Pandemic

## Internal Revenue Service Notice 2020-18

- **Filing and** payment deadline of returns due April 15, 2020 extended to July 15, 2020
  - No penalties and interest will accrue
  - Applies to both individuals and corporations
  - “No limitation” on the amount of payment to be postponed
- Refunds still being processed and issued in ~21 days
- 1st Quarter Estimated Tax payments postponed to July 15, 2020; 2nd Quarter still due on June 15, 2020
- CARES Act expands federal relief to businesses by allowing deferral of employer’s portion of social security taxes (6.2%) for all of 2020. Must be repaid in two installments, first due 12/31/2021, second due 12/31/2022.
- Must still continue to file payroll tax and pay Medicare taxes (1.45%)

# IRS People First Initiative

- **Existing Installment Agreements**

- Payments due between April 1, 2020- July 15, 2020 are suspended; interest continues to accrue
- Agreements will not default during this period

- **Offers in Compromise**

- Pending OICs will have deadlines for additional information extended and will not be closed through July 15, 2020
- Accepted OICs may suspend payments through July 15, 2020
- IRS will not default OICs for failure to file 2018 returns but must file by July 15, 2020

# IRS People First Initiative

- **Field Collection Activities**

- Liens and levies, both automatic and manual, suspended during this period
  - However “field revenue officers will continue to pursue high-income non-filers and perform other similar activities where warranted”
- Passport revocation suspended during this period
- Accounts will not be referred to private collection agencies during this period
- Seizures of personal residence suspended
- IRS will continue to protect all applicable statutes of limitations; where statute expirations might jeopardize IRS interest, IRS will issue Notices of Deficiency unless you consent to statute extension

- **Audits**

- IRS will generally not start new audits during this period
- Ongoing audits will continue remotely to the extent possible

- **Office of Appeals**

- Appeals will continue working on resolving matters during this period

# Families First Coronavirus Response Act

- Small and Midsize employers eligible for relief; less than 500 employees
- Employer must provide 80 hours of paid sick leave at full pay if employee sick or quarantined; or 2/3rd pay if employee caring for sick family or child
- Employer must provide additional 10 weeks to employees caring for child due to child care provider/school closure; Employers of less than 50 are exempt
- Employer health insurance costs also included in credit
- Dollar-for-dollar refundable credit against payroll taxes
  - e.g. Employer paid \$10,000 in sick leave but only had \$8,000 in payroll taxes due; will receive \$2,000 refund
- Guidance will continue to be provided on how to apply for relief

# Abatement of Penalties and Interest for Sales and Use Tax

## NYS Department of Taxation and Finance Notice N20-1

- If you were unable to meet your quarterly sales tax filing and/or payment requirements originally due on March 20, 2020, you may have your deadlines extended by 60 days and have penalties and interest abated during this time period if:
  - You were unable to meet your tax deadlines because key employees were treated for or suspected to have COVID-19;
  - Records necessary to meet tax deadlines were unavailable due to the outbreak;
  - Business was disrupted by closure orders or similar disruptions as a result of the outbreak; or
  - Your tax preparer was unavailable to meet the tax deadlines due to the outbreak.
  - These are only some examples, situations will be considered on a case-by-case basis.
- Relief is not automatic, you must apply for relief and it will be considered on a case-by-case basis



# Abatement of Penalties and Interest for Sales and Use Tax

## NYS Department of Taxation and Finance Notice N20-1

- If relief is granted, returns must be filed and paid within 60 days of March 20<sup>th</sup> deadline or relief will not apply
- Relief **DOES NOT** apply to part-quarterly (monthly) filers nor Prompt Tax filers
- Can apply for relief at the following link: <https://www.tax.ny.gov/press/alerts/sales-tax-relief-for-covid-19.htm>
- Can also request relief if you receive a penalty notice

# New York State - Other Relief

- **Personal Income Tax**

- No published announcement for delay on personal income tax, but NYS Budget Director stated similar delay to IRS at press conference, likely filing and payment will be extended to July 15, 2020

- **Payroll Tax**

- No NYS relief yet regarding payroll taxes, continue to file and pay as normal

- **Collections**

- Collection agents no longer perform field visits
- Presumably will continue with other actions such as wage garnishments and levies, although relief should be requested, if necessary
- NYS has indicated that they will delay state debt collection for 30 days; we are assuming this includes tax debt

- **Audits**

- Audits continuing to be conducted remotely to the extent possible
- Extensions may need to be signed at request of audit due to office closures

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