

## Your Weekly Tax Tip

from



Accountants, Business Consultants, Controllers,  
Tax Professionals & QuickBooks ProAdvisors

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## Key Coronavirus Tax Changes

*What every taxpayer should know*



In addition to filing delays and stimulus payments, the IRS is implementing many changes in response to the coronavirus pandemic. Here are some of the major topics that could affect you and your family.

### **Early distribution penalty waived**

The 10% early distribution penalty on up to \$100,000 of retirement withdrawals for coronavirus-related reasons is waived during 2020. New provisions allow tax liabilities on these distributions to be paid over a three-year period. The new rules also allow individuals to return these distributions to the retirement account over a three-year period and not be subject to annual contribution limits.

**Action:** *This could be a great way to handle emergency payments until you receive a stimulus check, unemployment payments, or a pending small business loan.*

## **Required minimum distributions (RMDs) waived for 2020**

Required minimum distributions (RMDs) in the year 2020 for various retirement plans is suspended. The corresponding 50% penalty associated with not taking an RMD is also suspended in 2020.

**Action:** *Taking out distributions when the market takes a tumble can hurt retirement income for many years. This change allows you to wait to let the value in your retirement account rebound before you withdraw funds.*

## **IRS installment agreement suspension**

The IRS announced suspension of payments of all amounts due from April 1 through July 15, 2020 and will not be in default on any IRS installment agreement during this period. Interest will continue to accrue on these installment agreements.

**Action:** *Being on the bad side of the IRS is never fun. If you currently have an IRS installment agreement, look to take advantage of this delay.*

## **Offers-in-compromise**

The IRS will allow you until July 15, 2020 to provide additional requested information for any pending offers-in-compromise (OIC) and will not close out the OIC during this time without your consent. The IRS is also suspending any payments due under an OIC until July 15, 2020.

## **Enforcement activities suspended? Not so fast...**

The filing and enforcement of liens and levies will generally be suspended. However, IRS Revenue Officers will continue to pursue high income non-filers and initiate other actions when warranted.

## No new audits

The IRS will not initiate new audits during this time, but will act to protect the statute of limitations.

Much is happening during this unique time in our country's history. Rest assured, as changes are made you will be informed. In the meantime, please keep yourself and your family safe.

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