

## *Tax & Benefits*

Local, state, and federal governments are taking swift action to utilize, expand, and enact tax relief to address hardships caused by the Covid-19 pandemic. These actions include tax payment extensions, such as the IRS and California granting extensions until July 15, 2020 (currently June 15 for California) to pay 2019 income tax liability and first quarter 2020 estimated income tax payments (ordinarily due on April 15, 2020), subject to a capped amount, without interest and penalties. In addition, the IRS is providing similar relief with respect to the payment of 2020 federal estimated income tax payments. Some cities, such as Seattle, will defer business and occupation tax collections for eligible business owners.

Tax exemptions to provide needed services and relief are being expanded. The rules regarding Health Savings Accounts (HSAs) and high deductible health plans will be loosened, including to provide Covid-19 testing and treatment without copayment. Presidential declarations are expected to allow employers to make tax-free disaster relief payments directly to employees for certain Covid-19-related personal, family, and property repair, replacement, and rehabilitation expenses.

More tax relief will be finalized soon. On March 18, 2020, Congress passed H.R. 6201, Families First Coronavirus Response Act. This bill will expand unemployment benefits and require employers to provide paid sick and family leave to employees, large portions of which would be subsidized by refundable tax credits.

Businesses facing tax payments, collections, bad debts, increased expenditures, difficulty with payroll taxes, underfunding of reserve accounts and pension plans, unexpected COBRA

obligations, and liquidity pressures will need tax relief and practical informed advice to address tax challenges during this crisis.