

Overseas lax Services

JS Income Tax Preparation for Americans Living Abroad

COVID-19 Tax Updates

March 19, 2020

Greetings!

I hope this message finds you healthy and safe during this crazy time. I usually only bother you with one newsletter a year, but, well, not much is usual at the moment! You may have seen reports of tax extensions and other tax happenings and so I thought it would be a good idea to send an update. Things are still evolving and so I'll probably send at least one more newsletter in a week or two--more beyond that if needed. My favorite continuing education provider is holding a webinar at the end of next week to distill the latest tax changes and after that I will share any additional details that may be useful. For the moment, here's where things are...

TAX CHANGES

On March 18, the IRS announced an extension of the April 15 tax **payment** deadline to July 15. Notably, this is not an extension of time to **file**. So for those of you in the US, we still need to submit either your tax return or an extension request by April 15. If you have tax due, however, you can delay paying it until July 15 without incurring interest or penalty charges.

For those of you overseas, the June 15 **filing** deadline still applies, with the payment deadline change meaning that even if you have tax due, no interest or penalties will apply until July 15.

The July 15 payment date also applies to 2020 first quarter estimated tax payments, for those of you who do those.

Also on March 18, the Families First Coronavirus Response Act was signed, containing a variety of measures including some tax breaks related to sick leave and paid family and medical leave.

Still in the works are measures which might include Treasury sending out payments soon to some taxpayers to alleviate current financial hardship. No firm details available yet, so I'll update more on that later.

TAX UNKNOWNS AND UNCERTAINTIES

- For April 15 filers who want to delay tax payments to July, I'm waiting to hear from my software provider whether we'll be able to set up direct debit payments for the later date. I would hope so, but if not, you may need to use a different method (check or online) to set up payment. Check my next newsletter and your instruction letter when I send you your completed return to see what the options are.
- State payment deadlines are not automatically changed, although many states will probably follow suit.
- 2020 second quarter estimated tax payments still appear to be due June 15 (i.e. *before* the new July 15 extension date). This makes no sense, but the IRS notice did not address Q2 payments. Hopefully more guidance will be forthcoming.
- If you normally claim the Foreign Earned Income Exclusion, heading back to the US unexpectedly may cause complications. It could happen that the IRS will allow some leniency on those rules, but I'm sure we won't know that for quite a while. Taxes probably should not be the driver of your decision on where to be right now, so I'm just mentioning it as something to keep in the back of your mind. It's possible that some of you will end up with taxable US income that you weren't expecting.

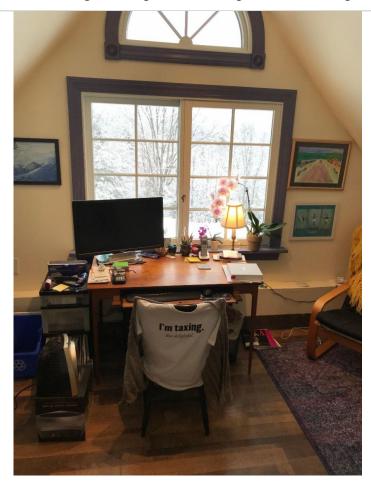
ON THE HOME FRONT

Happily, "working from home" has been my routine for 16 years, and for my husband for the past 6, so no major adjustments there, though staying focused has been a bit challenging lately. But barring any illness here, I am committed to meeting the necessary tax deadlines as usual. Our 11th grader is home with remote learning starting next week. Our ballerina is back from conservatory and attempting to stay in shape here. Both of them have dusted off old hobbies and after an initial short-

lived sulk have been in remarkably good spirits. We are so fortunate to be in a rural area and in a house where everyone has a room. Family dinners, favorite movies, walks, and video chats with friends and relatives are helping. Biggest mistake: scrolling through Twitter at 3am. Don't do it.

If there's one thing I learned from an Ebola evacuation in Gabon in 1996 and a civil-unrest lockdown in Jamaica in 2010, it's to focus on one day at a time. I've heard from many of you in recent days--some living in or evacuated back to the US, some staying put in various corners of the world. I hope wherever you are, you are you are staying healthy both physically and mentally and finding ways to stay calm and at least somewhat productive as we weather the storm and hopefully "flatten the curve."

And for your entertainment, here's a glimpse of "headquarters." Yes, it snowed this morning. Yes, I cleaned my desk before taking the picture. T-shirt on chair courtesy of one of my professional organizations. It reads, "I'm taxing. But delightful." And delighted to be working with all of you!



Meanwhile, April 15 cometh, so I'd better get back to work!

Warm virtual regards, as always. Be well,

Kim

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