



Overseas Tax Services

US Income Tax Preparation for Americans Living Abroad

COVID-19 Tax Updates #2

March 29, 2020

Greetings!

It was great to hear from so many of you since my last mailing. We are now under a stay-home order here in Vermont, and I know many of you are as well. I hope everyone continues to stay healthy and sane and employed! Of course within an hour of sending out my previous newsletter I got word that the filing deadline was going to be postponed along with the payment deadline. And as you've most likely heard, a \$2 trillion relief package was passed yesterday, including a plan to send payments to many taxpayers as soon as possible. There are a LOT of tax changes in that package! In the interests of consolidating the news in one place, as well as not inundating you with emails while things keep changing, I've set up a [COVID-19 page](#) on my website which I will try to keep updated. The latest highlights are below, but please check there for more details and if you hear news of further legislation.

Between the general upheaval of life these days, plus trying to keep up with the ongoing tax changes (3 1/2-hour webinar Friday, for example), I know I am running behind my usual schedule. Since all of you now have a July 15 filing and payment deadline, I will just keep working down the list--with some adjustments as noted below. If you have a reason why you want or need to file more urgently, please feel free to get in touch. I'm hoping to achieve more forward motion in the coming weeks! And if you haven't yet submitted your paperwork, please try to get that done within the next month or so. I would love to not still be tied to my desk come July.

KEY TAX CHANGES

Deadlines

- **All federal individual returns and tax payments that would normally be due April 15, 2020 are now due July 15, 2020. This includes overseas filers.**
- **Extensions** to October 15 may be requested up until July 15.
- **States** make their own determinations about deadline changes. I am trying to keep tabs on these. If your state does not extend deadlines to match the federal changes, I will prioritize you in the queue.
- As of now, **2nd quarter estimated taxes for 2020 are still due June 15**, even though 1st quarter payments are due July 15. As I said last week, this doesn't make sense, but so far has not been changed. If you normally make quarterly payments, I will prioritize your returns as well.

2020 Recovery Rebates (Stimulus Payments)

- Maximum stimulus payment is **\$1200 for singles, \$2400 for married couples**, plus **\$500 for dependents under age 17**.
- Incomes (AGI) under **\$75,000 (Single)/\$112,500 (Head of Household)/\$150,000 (Married Filing Joint)** will receive the full payment.
- Payments **phase out** for incomes up to **\$99,000/\$136,500/\$198,000**, with no payment above these higher levels.
- Payment will be **based on your 2019 return if it has been filed, otherwise on your 2018 return**. We don't know the date on which they'll make that determination, but probably very soon. **If you are in or hovering near the phase-out range AND think that your 2019 income was lower than 2018, please contact me ASAP** to see if we should try to file your 2019 return before the IRS issues these payments.
- The actual amount you're entitled to will be **reconciled on your 2020 tax return**. If you received too much, you get to keep the difference. If you received too little, you'll get the rest then.
- The **IRS has authorization to issue payments electronically**, but we are waiting to hear from them exactly how that will work. If you're eligible for a payment, **you do not have to do anything to request it**. You will receive it automatically under whatever mechanisms the IRS decides to use.
- Taxpayers with **ITINs** are **not eligible** for the payments.
- Taxpayers **overseas** are eligible for the payments.

IRA Changes

- 2019 contributions can be made up until July 15 if you are otherwise eligible to make them.
- Required Minimum Distributions (RMD's) are not required for 2020.
- There are generous allowances for withdrawals made this year in certain circumstances.

Other Changes

- Starting with the 2020 tax year, if you use the standard deduction, you can take a **deduction of up to \$300 for charitable contributions**.
- **Self-Employment tax for 2020 can be spread over three years** .
- There are many changes affecting **paid sick leave** and **family and medical leave** . The Department of Labor has good information [here](#).

ON THE HOME FRONT

I was touched by how much enjoyment you all seemed to get from the glimpse in my last email of headquarters and life here. We are still trundling along, mostly in good spirits, and thankful every day to be in our current surroundings, working, and healthy. I'll admit to occasional roller-coaster emotions, and to looking at too much news. (And yes, I recognize the connection between the two.) But I've managed to stay off the 3am Twitter feed at least! School for our HS junior is now officially online until May 4, but we're expecting that to be extended to the end of the year, sadly. The ballerina is taking online classes and watching too much Netflix. Scott's weekends have been the usual March Maple Madness. Here's a look at this year's syrup!



Again, please visit the [website](#) for more details, and keep an eye out on there for further updates. As I said, I do love hearing from you all! But to help me stay on track processing returns, if you have general questions about stimulus payments and other recent tax changes, please check there first to see if I've already answered your question. Thank you!! Wishing you all good health and as much peace of mind as you can manage.

Warmly,

Kim

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