

Larry's Tax Law

## **He Who Pays the Piper Calls the Tune – The IRS Announces in Notice 2020-142 That It Is Now Time for Taxpayers to Resume Paying Taxes**

By Larry Brant on 7.8.20 | Posted in Federal Law, Legislation, Tax Planning

As most people are aware, the 2019 income tax filing and payment deadlines for all taxpayers who file and pay their federal income taxes on April 15, 2020, were automatically extended until July 15, 2020. This relief is automatic and generally applies to all individual, trust and corporation tax returns. Additionally, this relief extends to estimated tax payments for tax year 2020 that were due on April 15, 2020.

### **People First Initiative**

Additionally, the [People First Initiative](#) offered taxpayers who owed taxes some further relief. IRS Commissioner Chuck Rettig stated relative to the People First Initiative:

“In addition to extending tax deadlines and working on new legislation, the IRS is pursuing unprecedented actions to ease the burden on people facing tax issues. During this difficult time, we want people working together, focused on their well-being, helping each other and others less fortunate.”

In particular, the People First Initiative offered taxpayers the following joy:

### Existing Installment Agreements

For taxpayers under an existing installment agreement, payments due between April 1, 2020 and July 15, 2020 were suspended (although interest continued to accrue on any unpaid balances).

### Offers in Compromise

For taxpayers, with an Offer In Compromise (“OIC”) pending on April 1, 2020, the IRS extended the deadline to provide any requested additional information to support the OIC to July 15, 2020. In addition, the IRS agreed not to close any pending OIC request before July 15, 2020 without the express consent of the taxpayer. Additionally, the IRS granted taxpayers the option of suspending all payments on previously accepted OICs until July 15, 2020 (although interest

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continued to accrue on any unpaid balances). Lastly, the IRS agreed that it will not hold taxpayers in default of an OIC if they are delinquent in filing their federal income tax return for tax year 2018 as long as they file both their 2018 and 2019 returns on or before July 15, 2020.

### Collections Activity

For taxpayers in IRS collections, they were allowed some relief. Liens and levies (including any seizures of a personal residence) initiated by IRS field revenue officers were suspended from April 1, 2020 through July 15, 2020. IRS field revenue officers, however, were allowed to continue pursuing high-income non-filers and perform other similar activities. Additionally, any new automatic, systemic liens and levies were suspended during this same period. Finally, during this period, any new delinquent taxpayer accounts were **not** forwarded by the IRS to private collection agencies.

### **IRS Announcement 2020-142**

All of the joy brought to taxpayers by the People First Initiative is about to come to an abrupt end. As the IRS publicly states in [Announcement 2020-142](#), despite the continuing hardship created by the COVID-19 pandemic, the relief granted to taxpayers by the People First Initiative ends a week from today (i.e., July 15, 2020).

Put simply, this means:

- For taxpayers who had installment payments suspended, they need to resume making payments under their installment agreement by the first monthly payment date that falls after July 15, 2020. Of course, any taxpayer that cannot meet the terms of their installment agreement can seek to change its terms, but they should do so immediately by contacting the IRS.
- For taxpayers with already accepted OICs that did not make required payments during the relief period, they need to resume making required payments by July 15, 2020.
- **Practice Alert:** These taxpayers are required to make up any missed payments by this same date.
- For taxpayers with pending OICs (a submitted OIC that has not yet been accepted by the IRS), they need to resume making any required payments under the pending OIC by July 15, 2020. The IRS will revise the OIC to allow these taxpayers (provided the OIC is accepted) to make up any payments skipped during the relief period at the end of the offer period.
- For taxpayers with delinquent accounts, they need to be aware that the IRS will recommence forwarding accounts to private debt collection agencies starting July 15, 2020.

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### Conclusion

While the story of the pied piper took place in the 1200s, the moral to the story applies today. As of July 15, 2020, the IRS will be back in business, including its collections function. **“He who pays the piper calls the tune.”**

**Tags:** CARES Act, Coronavirus, COVID-19, Installment Agreements, IRS, IRS Commissioner Charles P. Rettig, Offers in Compromise (“OIC”), People First Initiative, tax collections