



KORBITZ FINANCIAL PLANNING

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March 24, 2020

Dear Clients and Friends:

Things have changed quickly in the tax world in the last week. I am sending this e-mail to all of my tax clients and all of my financial planning clients. Whether I prepare your tax returns, you prepare your own tax returns, or someone else prepares your tax returns, I want you to have this information.

First, all 2019 Federal and Wisconsin income tax returns which were due April 15th are now automatically extended to July 15th. There is no need to apply for an extension if you are going to file by July 15th. Most other states are following this change as well.

Second, all 2019 taxes due with 2019 Federal and Wisconsin income tax returns which were due April 15th are now due July 15th with no further penalties. I say “no further penalties” because if you were under withheld and owe a penalty up to April 15th, that penalty will still apply.

Third, all 2020 FIRST QUARTER Federal and Wisconsin estimated tax payments which were due April 15th are now due July 15th.

Ironically, the Federal and Wisconsin SECOND QUARTER estimated payments are still due June 15th. Apparently, nobody thought through the fact that without delaying the second quarter payments, taxpayers would have to make their second quarter estimated payments before their first quarter estimated payments. This could change down the road.

I am following revenue departments in states other than Wisconsin to track their status. I believe that virtually all states will fall in line with the IRS, since most state income tax returns are based on the US income tax return. As of this writing, Minnesota, Nebraska, Kansas and others have followed Federal law. I will continue to monitor other states that my clients must file in.

For those taxpayers who have 2019 taxes due or 2020 estimated payments due April 15th, you can pay them on time, or defer them to as late as July 15th. I would suggest using caution in deferring too late for several reasons: First, you are unlikely to earn much interest on the money in the interim. Second, if YOU were to get sick, you may forget to make the payment.

For my tax clients for whom I have not completed returns, I have the following information:

1. We will continue to work on your returns with the goal of completing and delivering the returns by April 15th, if at all possible.
2. For clients who will not have all their information by July 15th, I will work with you to file an extension to October 15th.
3. I will contact you, as always, to let you know if you owe taxes and to determine when and how you wish to pay those taxes.
4. Clients who have refunds due should file their returns as soon as possible to get that money back.
5. Clients who owe taxes should still file their returns as soon as possible, though the tax payment can be made as late as July 15th.
6. Clients who have a split return, for example a Wisconsin refund and a Federal tax due, should file their returns as soon as possible in order to get the refund, and you can pay the tax due as late as July 15th.

I will continue to work from my office, as accounting services have been deemed to be one of the essential businesses exempt from the Wisconsin Safer at Home directive. I will not be meeting with clients during this time, as virtually all our work together can be done by correspondence.

I hope this helps you to understand where we stand at this point. Please let me know if you have any questions.

Be well, stay healthy.

Eric

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