

March 20, 2020

Dear Clients,

Today we write to share a summary of tax-related changes that have been implemented by the IRS in response to the spread of the novel coronavirus and the disease that it causes, COVID-19.

On March 19th, the IRS and Treasury published official guidance (Notice 2020-17) confirming the following changes:

- Up to certain amounts, **federal income tax payments** that would otherwise have been due on April 15, 2020 are now due on July 15, 2020.
- Only 2019 tax due amounts and 2020 first quarter estimated tax amounts may be deferred until July 15th. Individuals, trusts and estates can defer up to \$1 million in total federal income tax payments, and corporations can defer up to \$10 million in total.
- This change to the tax payment deadline applies to individuals, trusts and estates, as well as corporations and other business entities that are required to file tax returns by April 15th.
- Although the IRS has issued formal guidance changing the April 15th tax payment deadline, federal tax return filing deadlines have not yet been formally changed.

On March 20th, Treasury Secretary Steven Mnuchin released unofficial communications indicating that the federal tax filing deadline will also be extended. **If this unofficial announcement is confirmed by official guidance from the IRS and Treasury, then U.S. taxpayers will not have to file completed returns or file for extensions until July 15th.** We will provide you with an update once any such official guidance is published.

States may adopt similar provisions allowing for deferrals of income tax payments and extensions of tax filing deadlines, but these rules are expected to vary between different jurisdictions.

Since there are no interest or penalty amounts associated with deferring federal income tax payments up to the aforementioned amounts, we believe that many clients will choose to defer certain tax payments until closer to July 15th.

This is a dynamic and evolving situation, and we will provide you with pertinent updates as soon as possible. We welcome any questions or comments you may have, and your Brown Advisory client team is available to help you.

Sincerely,



Charles A. Constable
Head of Private Client