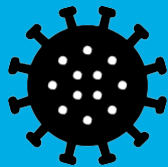


# Federal Tax & Accounting

## Coronavirus Roadmap



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**Bloomberg Tax & Accounting**

All content in this report is available on Bloomberg Tax and Bloomberg Financial Accounting and is updated continuously as changes occur.

This roadmap provides a summary of federal tax and accounting activity relating to the novel coronavirus (COVID-19). It was prepared by Bloomberg Tax & Accounting staff and was last updated on March 24, 2020. For comprehensive information on the tax implications of COVID-19, see the Bloomberg Tax & Accounting [Coronavirus Tax Watch](#).

Topic	Treatment	Related Content
<b>Due Dates for Filing Returns and Making Income Tax Payments</b>	<p>The IRS postponed to July 15, 2020 the due date for both filing a return and for making income tax payments due April 15, 2020. The postponement is automatic; no Form 4868 or Form 7004 is required.</p> <p>Initially, only the due date for making income tax payments was extended, and the amount of payment eligible for postponement was limited. The current guidance addresses the filing deadline in addition to the due date for making income tax payments and does not limit the amount of payment that may be postponed.</p> <p>Payments that may be postponed are limited to federal income tax payments in respect of a taxpayer's 2019 taxable year and federal estimated income tax payments due on April 15, 2020 for a taxpayer's 2020 taxable year.</p> <p>The period from April 15, 2020 to July 15, 2020 will be disregarded in the calculation of interest, penalty, or addition to tax for failure to file returns or pay taxes.</p> <p><b>Authorities</b> <a href="#">Notice 2020-18</a>, <i>superseding</i> <a href="#">Notice 2020-17</a></p>	<p><a href="#">In Brief: IRS Extends Filing and Payment Deadlines Until July 15 — What Should Practitioners Do Now?</a></p> <p><a href="#">634 T.M., XI.D.14</a></p> <p><a href="#">Additional Analysis</a></p> <p><a href="#">IRS FAQs</a></p>
<b>High-Deductible Health Plans</b>	<p>A high deductible health plan (HDHP) may, without affecting its status as a HDHP, provide health benefits associated with testing for and treatment of COVID-19 without a deductible, or with a deductible below the minimum deductible (self only or family) for an HDHP. Such benefits are disregarded for purposes of determining the plan's status as a HDHP.</p> <p>An individual covered by the HDHP will not be disqualified from being an eligible individual under IRC §223(c)(1) who may make tax-favored contributions to a health savings account (HSA).</p> <p><b>Authorities</b> <a href="#">Notice 2020-15</a></p>	<p><a href="#">330 T.M., VIII.B</a> (eligible individuals)</p> <p><a href="#">330 T.M., VIII.E</a> (HDHP)</p> <p><a href="#">Additional Analysis</a></p>

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<b>Quick Refunds</b>	<p>A corporation that overpays its estimated tax can obtain a quick refund of the excess estimated tax before it files its tax return. A corporation can obtain a quick refund only if the amount of the refund equals or exceeds 10% of the amount estimated by the corporation on its application as its income tax liability for the tax year and is at least \$500.</p> <p><b>Authorities</b> <a href="#">IRC §6411</a></p>	<p><a href="#">In Brief: Quick Refunds — Companies Can Get Quick Cash Back from the IRS</a></p> <p><a href="#">IPA ¶710.B</a></p>
<b>Paid Sick Leave</b>	<p>The Families First Coronavirus Response Act created a federal paid sick leave requirement for coronavirus-related needs and expanded the Family and Medical Leave Act to include a paid leave component for employees caring for children whose schools or child care facilities were closed because of the virus outbreak.</p> <p>Employers are eligible for payroll tax credits in connection with providing paid leave under this measure.</p> <p><b>Authorities</b> <a href="#">Families First Coronavirus Response Act, Pub. L. No. 116-127</a></p>	<p><a href="#">Coronavirus Response Act Adjusts Payroll Requirements</a></p> <p><a href="#">Additional Analysis</a></p>
<b>Qualified Disaster Relief Payments</b>	<p>Gross income does not include any amount received by an individual as a qualified disaster relief payment, which includes any amount to reimburse or pay reasonable and necessary personal, family, living, or funeral expenses incurred as a result of a qualified disaster. A qualified disaster relief payment must be made to, or for the benefit of, an individual, but only to the extent any expense compensated by the payment is not otherwise compensated for by insurance or some other reimbursement.</p> <p><b>Authorities</b> <a href="#">IRC §139</a></p>	<p><a href="#">597 T.M., IV.E</a> (qualified disaster relief payments received by individuals)</p> <p><a href="#">597 T.M., V.C</a> (deduction and credit reductions)</p>

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<b>Asset Impairment</b>	<p>An impairment loss is defined within ASC 360-10-35-17 as the non-recoverable amount by which the carrying value of a long-lived asset (asset group) exceeds its fair value. Non-recoverable is identified as when the carrying value exceeds the sum of the undiscounted cash flows and eventual disposition of the asset.</p> <p>The immediate economic effects of the virus are likely to trigger an impairment test for long-lived assets or asset groups at many companies across a variety of industries.</p> <p><b>Authorities</b>  <a href="#">ASC 360-10-35-17</a>, <a href="#">ASC 360-10-35-21</a>, <a href="#">ASC 360-10-50-2</a></p>	<p><a href="#">COVID-19 SEC disclosures</a></p> <p><a href="#">INSIGHT: Coronavirus Triggers SEC Disclosure Obligations</a></p>
<b>Depreciation of Idle Assets</b>	<p>Depreciation begins when the asset is placed in service and the owner is using the asset to help generate revenue. Depreciation ends at the earlier of when the asset is depreciated down to its salvage value, is classified as held for sale, or is disposed of or abandoned. Depreciation, however, does not cease merely because the PP&amp;E becomes idle or is retired from active service.</p> <p>When completing U.S. GAAP financial reporting, idle assets that result from COVID-19 will continue to be depreciated in the same manner unless a change in depreciation method is made, in which case rules for changing estimates in ASC 250 would be applied.</p> <p><b>Authorities</b>  <a href="#">ASC 360-10-35-49</a>, <a href="#">ASC 250-10-50-4</a></p>	<p><a href="#">5124 APPS, IV.D</a> (required disclosures)</p> <p><a href="#">5132 APPS, III.B</a> (depreciation)</p> <p><a href="#">530 T.M., III.B</a> (property “used in the trade or business” or “held for the production of income.”)</p>
<b>Due Date for Filing FATCA Reports</b>	<p>IRS provided an automatic extension of time for Reporting Model 2 FFIs and Participating FFIs to file Form 8966, <i>FATCA Report</i>. The March 31, 2020 filing deadline was extended to July 15, 2020.</p> <p><b>Authorities</b>  <a href="https://www.irs.gov/businesses/corporations/frequently-asked-questions-faqs-fatca-compliance-legal#reporting">https://www.irs.gov/businesses/corporations/frequently-asked-questions-faqs-fatca-compliance-legal#reporting</a></p>	<p><a href="#">6565 T.M., III.C.1.d</a></p>

Topic	Treatment	Related Content
<b>Due Dates for Contributions to Retirement Plans and Health Savings Accounts</b>	<p>The deadline for making contributions to an IRA, or for an employer to make contributions to its workplace-based retirement plan on account of 2019, is extended to July 15, 2020. In addition, participants may make contributions to an HSA or Archer MSA for 2019 at any time up to July 15, 2020.</p> <p><b>Authorities</b>  <a href="#">Notice 2020-18</a>, superseding <a href="#">Notice 2020-17</a>  <a href="https://www.irs.gov/newsroom/filing-and-payment-deadlines-questions-and-answers">https://www.irs.gov/newsroom/filing-and-payment-deadlines-questions-and-answers</a></p>	<p><a href="#">367 T.M., III.A.3</a> (IRA)</p> <p><a href="#">330 T.M., VIII.C</a> (HSA)</p> <p><a href="#">330 T.M., IX.C</a> (Archer MSA)</p>
<b>Section 965(h) installment payments due date</b>	<p>Although the IRC §965(h) installment payment is generally made in respect of a taxpayer's 2017 or 2018 tax year, the due date of the installment payment associated with a 2019 tax return is the due date of the taxpayer's 2019 federal income tax return. For any taxpayer whose filing due date has been postponed from April 15, 2020 to July 15, 2020, the due date of that taxpayer's IRC §965 installment payment has also been postponed to July 15, 2020.</p> <p><b>Authorities</b>  <a href="#">Notice 2020-18</a>, superseding <a href="#">Notice 2020-17</a>  <a href="#">IRC §965(h)(2)</a></p>	<p><a href="#">930 T.M., IX.F</a></p>
<b>Business Losses (NOLs)</b>	<p>Net operating losses incurred in 2020 may not be carried back to prior years, but may be carried forward to future tax years indefinitely. However, NOL carryforwards may not be used to offset more than 80% of taxable income (disregarding the NOL deduction itself).</p> <p><b>Authorities</b>  <a href="#">IRC §172</a></p>	<p><a href="#">539 T.M., IV.A.</a></p> <p><a href="#">539 T.M., VI.A.</a></p>

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<b>NOLs and Other Attribute Limitations</b>	<p>In the event of a change in ownership of a loss corporation (generally where 50% of the stock is acquired by new owners), the use of NOLs and other tax attributes by the company after the change is limited. For these purposes, stock acquired by government entities or lenders as part of loan or guarantee program can constitute a transfer of stock.</p> <p>Note that, in 2008, Congress and the Treasury exempted governmental acquisitions as part of the Troubled Asset Relief Program (TARP) and other stabilization policies enacted after the 2008 financial crisis were exempted from the ownership change provisions, allowing participants in those programs to continue to use advantageous tax attributes. However, the exceptions were written to apply only to those 2008 programs.</p> <p><b>Authorities</b> <a href="#">IRC §382</a></p>	<p><a href="#">780 T.M., III.B.</a> (ownership change)</p> <p><a href="#">780 T.M., III.C.</a> (definition of stock)</p> <p><a href="#">780 T.M., III.L.</a> (TARP-related exemption)</p>
<b>Charitable Contribution Deductions</b>	<p>For the 2020 tax year, the deduction percentage limitation for charitable contributions of cash has been removed for individual taxpayers. The TCJA had provided for an increased limitation of 60% for cash contributions; however, the Coronavirus Aid, Relief, and Economic Security (CARES) Act would suspend the percentage limitations entirely. This simply means that any qualified contribution is allowed to the extent that the aggregate of such contributions does not exceed the taxpayer's adjusted gross income. This type of provision allowing for an "unlimited" charitable contribution deduction has occurred in the past; however, this suspension is applicable only for cash contributions.</p> <p>For tax years beginning in 2020, eligible taxpayers are entitled to an above-the-line deduction of up to \$300 for qualified charitable contributions. An eligible taxpayer is an individual that did not elect to itemize deductions. A qualified charitable contribution is a cash contribution to a qualified tax-exempt organization. Although not a significant amount, individuals may find this provision important due to the increased standard deduction amount that made the threshold for itemizing beyond reach for many taxpayers.</p> <p><b>Authorities</b> <a href="#">IRC §62</a></p>	<p><a href="#">863 T.M., IV.A.</a> (historical)</p> <p><a href="#">863 T.M., IV.B.</a> (percentage limitations)</p> <p><a href="#">863 T.M., IV.E.</a> (calculation examples)</p>

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