



# 2019 Tax Extensions: Opportunities for Companies and High-Net-Worth Individuals

Last week, the federal government announced new coronavirus relief measures, which benefit corporations and high-net-worth individuals.

On March 18, 2020, the Internal Revenue Service extended the deadline for many taxpayers to pay 2019 income tax liability by 90 days, moving the deadline from April 15 to July 15, protecting taxpayers from interest and penalties for tax liabilities up to \$1 million for individuals (and married couples filing jointly) and \$10 million for corporations if they file before July 15. On March 20, 2020, President Donald Trump directed Treasury Secretary Steven Mnuchin to move the deadline to file tax returns to July 15 as well.

With the March 20 announcement, taxpayers who file their returns before the extended deadline will not have to pay any tax owed until July 15. Alternatively, taxpayers who will owe taxes can hold off on filing their returns and paying until July 15. Either way, no tax payments will be due until after the extended deadline, after which interest and penalties will likely be charged for any amounts left unpaid as in previous years. The extension is part of the government's response to the coronavirus pandemic and is anticipated to keep up to \$300 billion in the economy.

Wealthy individuals more frequently owe tax payments on April 15 than others. The extension provides opportunities to keep all their anticipated tax liability in their pockets until July 15. While in previous years wealthy individuals could apply for an automatic six-month filing extension, they would have to pay the majority of the anticipated tax liability by the April 15 deadline or else face penalties. This year, neither filing nor payment of the anticipated tax liability is required until July 15, providing an opportunity to keep cash on hand.

Given these uncertain times, having more liquidity provides security. In addition, more liquidity provides opportunity for investment as we enter a new bear market. With the [stock market in decline, this could provide a great opportunity](#) not seen in years for those investors looking to buy stocks at reduced rates.

On March 21, 2020, Gov. Tony Evers extended the deadline to file Wisconsin income tax returns to July 15, providing similar relief for taxpayers who have state income tax liability.

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