



March 23, 2020

## **Important Notice: Department of Revenue Extends the Time to File Income and Franchise Tax Returns to July 15, 2020**

On March 19, 2020, the Department of Revenue (“Department”) [announced](#) penalty relief for taxpayers paying income tax due on April 15, 2020. On March 20, 2020, the United States Department of the Treasury and the Internal Revenue Service (the “IRS”) [announced](#) the due date for filing Federal income tax returns and making Federal income tax payments due April 15, 2020, is automatically postponed to July 15, 2020. In response to the extension of the federal April 15, 2020 deadline, the Department of Revenue (“Department”) will automatically extend the time to file State income and franchise tax returns originally due on April 15, 2020 to July 15, 2020. The extension applies to income and franchise tax returns originally due on April 15, 2020, from individuals, corporations, partnerships, trusts, and estates.

### North Carolina Tax Extension

For State income and franchise tax returns originally due on April 15, 2020, the Secretary of Revenue has extended the time to file the returns to July 15, 2020. [See N.C. Gen. Stat. § 105-263\(b\)](#). The extension applies to income and franchise tax returns originally due on April 15, 2020 from individuals, corporations, partnerships, trusts, and estates. Taxpayers do not need to take any action to receive this automatic extension.

### Prior Penalty Waiver Related to Payment

Pursuant to North Carolina law, the Department does not have authority to extend the due date of income tax payments. The Department, however, [announced](#) a penalty waiver related to tax payments due on April 15, 2020. For State income and franchise tax returns originally due on April 15, 2020, and now extended to July 15, 2020, the Department will not impose the penalty for failure to pay tax when due (N.C. Gen. Stat. § 105-236(4)) upon taxpayers, if the tax is paid by July 15, 2020.

State law prevents the Department from waiving any interest, including interest assessed for the underpayment of estimated tax, except in limited cases. [See N.C. Gen. Stat. §](#)

[105-237\(a\)](#). As such, if you owe additional tax, the Department is required to charge interest on any unpaid tax, accruing from April 15, 2020, until the tax is paid.

The federal relief allows taxpayers to make their quarterly estimated income tax payments due on April 15, 2020 by July 15, 2020. Under North Carolina law, the liability for failure to pay estimated income tax timely is interest. The Secretary is not authorized to waive interest. Therefore, taxpayers that do not pay State estimated income tax between April 15, 2020 and July 15, 2020 continue to be liable for failure to timely pay estimated income tax.

### Additional Relief

If you cannot file your State income tax return by July 15, 2020, you can submit a request for an additional extension with the IRS or with the Department on or before July 15, 2020.

In addition to the relief granted in this notice, the Secretary of Revenue may waive or reduce any penalties provided for in Subchapter 1 of Chapter 105. [See N.C. Gen. Stat. § 105-237\(a\)](#). A taxpayer seeking waiver of penalties not covered by this notice should review the [Department's Penalty Policy](#) and complete [Form NC-5500](#), Request to Waive Penalties ("NC-5500").

### Questions

This Important Notice will be updated as new information becomes available. If you have any questions about this notice, you may call 1-877-252-3052 to speak to a customer service representative or write to Customer Service, PO Box 1168, Raleigh, NC 27602.

*To the extent there is any change to a statute or regulation, or new case law subsequent to the date of this notice, the provisions in this important notice may be superseded or voided. To the extent that any provisions in any other notice, directive, technical bulletin, or published guidance regarding the subject of this notice and issued prior to this notice conflict with this important notice, the provisions contained in this important notice supersede the previous guidance.*