



“COVID-19 & Income Taxes”:
Filing & Payment Deadline Extensions, Economic Impact
Payments, and Significant Tax Law Changes



FEDERAL INCOME TAX FILING & PAYMENT DEADLINE EXTENSIONS:

Due to the current COVID-19 pandemic, the United States Internal Revenue Service (IRS) has automatically extended the deadlines for taxpayers to both FILE and PAY Federal income taxes to July 15, 2020. There are also new guidelines to request an additional extension until October 15, 2020 (see <https://www.irs.gov/forms-pubs/extension-of-time-to-file-your-tax-return>). However, special rules apply if you are either (1) serving in a combat zone or a qualified hazardous duty area or (2) living outside the United States.

Like the Federal Government, all 41 U.S. States that have a State income tax requirement have extended their tax filing and payment due dates for individuals and businesses. BUT not all of those States made July 15, 2020, their new filing/payment deadline (some are earlier and some are later—for a list of State-by-State extended deadlines for income filing and payment, see <https://www.aicpa.org/content/dam/aicpa/advocacy/tax/downloadabledocuments/coronavirus-state-filing-relief.pdf>).

ECONOMIC IMPACT PAYMENTS (STIMULUS PAYMENT/REBATE):

Due to the economic difficulties caused by COVID-19, the Federal Government has announced that U.S. residents who file taxes will receive an “Economic Impact Payment” (rebate/stimulus payment) (see <https://www.irs.gov/coronavirus/economic-impact-payment-information-center>). For most taxpayers, payments are automatic (no further action is needed).

Individuals with a SSN (not ITIN) and who are not dependents on another taxpayer’s tax return would receive the following: \$1,200 (Single and Head of Household filing status) or \$2,400 (Married Filing Joint), with an additional \$500 per qualifying child (under 17 years old). These are the standard payments as long as the taxpayer did not exceed AGI (Adjusted Gross Income) over \$75,000 (Single), \$150,000 (Married filing Joint), \$112,500 (Head of Household) on their 2019 income tax return filing. Those with an AGI above these amounts will have their payments reduced accordingly.

Your AGI and filing status on your 2019 Federal tax return (or your AGI/filing status from a previous year return, if you have not yet filed your 2019 taxes) will determine your eligibility and amount of payment. If you have not filed a return before now you should file your 2019 income tax return immediately (especially to update your AGI, filing status, and/or change in dependent status) using any number of free resources offered to Active Duty Military (IRS E-Filing Website, Military OneSource “MilTax,” Commercial E-Filing Services that offer free services for military, etc.).

Additionally, even individuals with \$0 taxable income and/or who are collecting Social Security benefits for retirement, disability, or Supplemental Security Income (SSI) will be eligible for the stimulus payments—BUT even if you are not required to file Federal income tax returns (due to your low or \$0 taxable income), you still must submit your information to the IRS as a “Non-Filer” (see <https://www.irs.gov/coronavirus/non-filers-enter-payment-info-here>).

Available Tax Assistance/Preparation Resources:

The Fort Sill Legal Assistance Office (LAO)

Unfortunately, the Fort Sill Installation Tax Assistance Center (ITAC) is not currently operating at full capacity. Based on limited availability of staff, the Fort Sill Legal Assistance Office (in Bldg. 4700 Mow-Way Road, Suite 400) is currently only providing tax preparation assistance (on an appointment-only basis) for **Gold Star** Families with valid Department of Defense (DoD) ID cards. However, all other eligible clients can request tax assistance (legal advice/guidance, though not tax preparation services).

Due to the current DoD enhanced HPCON precautions (to reduce the spread of COVID-19), face-to-face appointments are not currently available. However, the Legal Assistance Office (LAO) can provide your name and email address to the LAO's certified tax preparer regarding which tax services for which you are eligible for further remote service. Additionally, the LAO has information sheets related to state tax domicile, the Servicemembers Civil Relief Act, and Casualty Income Tax Assistance.

IRS Websites

The Internal Revenue Service (IRS) filing website (<https://www.irs.gov/filing>) offers information and assistance in seven (7) languages for individual tax filers, with additional information for "military" filers. Using this site, a taxpayer can learn how to do the following: file their tax return, track their refunds, find options to pay their taxes if they did not have enough withheld, fix or correct (amendment 1040X) a tax return on IRS.gov website, request a copy of their tax record, view their payment balance, or view the payment history on their individual tax records.

The following link provides a list of the preferred free filing options available: <https://www.IRS.gov/filing/e-file-options>. This website provides various options to use a free tax return preparation site under the VITA/TCE (Volunteer Income Tax Assistance and Tax Counseling for the Elderly) for those with adjusted gross income (AGI) that is less than \$66,000 per year.

Military OneSource "MilTax"

Military OneSource "MilTax" provides another useful resource for assistance with tax preparation (see <https://www.militaryonesource.mil/financial-legal/tax-resource-center>). This website offers free tax services for the Active-Duty military community, to include personalized, telephonic support from tax consultants and free e-filing software. MilTax is designed to address the busy military life of deployments, differentiate between various types of military base and specialty pay, assist with understanding rentals, and even some assistance with multi-state tax filings (due to PCS moves).

The phone number for Military OneSource is 1 (800) 342-9647; alternatively, you can register online for an account using your DoD ID number on your government ID card to "Chat Live" with a consultant.

Commercial E-Filing Websites

There are also many commercial websites that offer free military Federal income tax filing. However, there are still fees associated with filing state income tax returns on these websites.

When using these websites, please ensure that you have a military W-2 that validates Active-Duty status for U.S. Army, U.S. Marines, U.S. Navy, or U.S. Air Force.

Economic Impact Payments (COVID-19 Stimulus Payment/Rebate):

What are these stimulus payments I keep hearing about?

The U.S. CARES (Coronavirus Aid, Relief, and Economic Security Act) allocates \$2.2 trillion for individuals* and businesses and is the largest economic relief bill in U.S. history.

*Individuals with an SSN (not ITIN) and who are not dependents on another taxpayer's tax return may receive \$1,200 (Single and Head of Household filing status) and \$2,400 (Married Filing Joint) with an additional \$500 per qualifying child (under 17 years old) as long as the taxpayer did not exceed AGI (Adjusted Gross Income) over \$75,000 (Single), \$150,000 (Married Filing Joint), \$112,500 (Head of Household) on their 2019 income tax return filing.

Please refer to www.IRS.gov or www.taxfoundation.org for more information.

How will I receive my rebate/tax stimulus payment?

For most Americans, there is no further action needed. This is because all necessary data that the IRS needs to send you your rebate/tax stimulus payment (if applicable) will come from your most recent tax return filed (2019 or 2018 return). Specifically, your filed return already includes your name, SSN, and address the Federal Government will use to mail you a Department of Treasury check or direct deposit (depending on how you received your last refund payment).

When will I receive my rebate/tax stimulus payment?

According to the U.S. Secretary of the Treasury, the payments will be sent within the next three weeks. If three weeks have passed, and you did not receive a payment which you believe was due, please log onto www.IRS.gov, where the IRS has a look-up tool to check the status of your payment.

If I have not yet filed my 2019 tax return and have moved due to PCS, ETS, or TCS orders, what should I do?

The IRS recommends that taxpayers file their tax returns electronically as soon as possible. Although the Federal filing deadline has been extended from April 15th to the new Tax Day of July 15th, it is advised to still file now if possible. Those taxpayers who filed their

Federal tax returns electronically with direct deposit information will receive their stimulus money the fastest, according to the IRS.

I am Retired and my only source of income is VA Disability and Social Security. Therefore, I normally do not need to file an income tax return... Do I need to have income to qualify for the rebate or claim of dependents?

No! Even filers with \$0 of taxable income (such as those who only receive Social Security and VA Disability) may receive the stimulus payment/rebate. However, in order to qualify for the stimulus/rebate payment, you must either file a tax return or submit your information to the IRS as a “Non-Filer” (see <https://www.irs.gov/coronavirus/non-filers-enter-payment-info-here>).

Applicants can file a return using one of the many free sites or use your local VITA center in order to prevent any payment delay. Remember though, the applicant must have a valid SSN (and not an ITIN) and must not already be claimed as a dependent on another person’s tax return.

Which dependents qualify for a rebate?

The eligibility standards follow IRS filing guidelines that refer to the Child Tax Credit (CTC). Therefore, all qualifying children must be under the age of 17 AND must not have provided for more than half of their own expenses. This means that college students who are 17 years-old and over, as well as elderly dependents, do not qualify for the additional \$500. This will also include Gold Star children who receive Social Security and DFAS annuity payments. Additionally, adult unemployed and zero-income dependents do not qualify their own stimulus payment/rebate, nor do they qualify for the \$500 dependent amount.

Note that there is no maximum number of children that can be claimed for the rebate/stimulus, however, that number must have been the same number claimed by the taxpayer on the already-filed tax return. As an illustration, if a household has six children (ages spanning from newborn to 17 years-old), then a married couple who filed jointly will receive \$2,400 (their own rebate) plus \$3,000 (\$500 x 6 children) for a total of \$5,400 as a rebate/stimulus payment.

What if I had a baby in 2019 and I have not filed my tax return yet?

If your 2018 return is the only tax return on file, the IRS will use the amount based on how that return was filed; it will also use the same account information from the 2018 return for a direct deposit. In order for a new dependent to be claimed, the filer will need to file a 2019 tax return as soon as possible with the SSN for the child in order to qualify for the additional \$500.

What if I got a divorce in 2019?

If your marital status has changed, you should file as soon as possible, as this will impact your stimulus payment/rebate. Keep in mind, if there were children of that marriage, only the parental taxpayer who is able to claim the child(ren) (according to the divorce decree) will meet the IRS guidelines as having a child dependent, thus entitling them to receive the \$500.

Federal Income Tax Filing & Payment Deadlines – Extended to July 15th, 2020:

So the IRS automatically extended the Federal tax deadline from April 15th to July 15th— Does that mean that I have until July 15th to file my *State* income taxes, too?

Not necessarily!! Like the Federal Government, the 41 U.S. States that have an income tax each announced that they are extending tax filing/payment due dates for individuals and businesses. HOWEVER, not all of those States have July 15, 2020, as their new deadline (some States are earlier and some are later—for a State-by-State list of revised deadlines, see <https://www.aicpa.org/content/dam/aicpa/advocacy/tax/downloadabledocuments/coronavirus-state-filing-relief.pdf>).

Are there any states that do not have an income tax filing requirement?

Yes, Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming. Additionally, Tennessee and New Hampshire do not tax wages earned, but those states will tax business tax on Schedule C, Capital Gains (short and long term) reported on Schedule D, and rental income on Schedule E.

Other Significant Recent Changes in Tax Law:

If I've already filed my taxes, what are some other tax law changes that might require me to file an amendment?

Certain individual tax provisions have been extended, including:

- Deduction for above-the-line qualified tuition and related expenses reported on Form 8917;
- Deduction for mortgage insurance premiums claimed on Schedule A;
- Deduction for unreimbursed medical and dental expenses lowered to 7.5% of AGI claimed on Schedule A; and
- Credit for nonbusiness energy property on Form 5695.

There has also been recent legislation enacted that modifies the rules for certain children to be able to calculate their tax based on the tax rate of the child's parent (commonly referred to as "Kiddie Tax"). Using IRS Form 8615, taxpayers can elect an alternative application for the tax on the unearned income. Usually, this is for Gold Star children who are beneficiaries of the deceased sponsor's military pay annuity, social security, and investment income.

There is also "Disaster Tax Relief" that was enacted for those affected by certain Federally-declared disasters, such as the recent tornados that impacted various parts of Tennessee and Alabama. The taxpayers affected are eligible for an automatic extension for filing and paying their taxes.

Lastly, there were three tax laws enacted on December 20, 2019. One of these laws is the SECURE Act (Setting Every Community Up for Retirement Enhancement Act of 2019), which increased the penalty for failing to file a Federal tax return and modified the rules related to the taxation of unearned income of certain minor children.

The IRS also recently published a new W-4 and provided a tax withholding estimator on www.irs.gov to assist Retirees, workers, and self-employed persons to calculate their taxes. If your 2019 filing did not result in the refund amount that you anticipated, please check your withholding with your employer or annuity account manager.

Last Updated 13 April 2020.

The Fort Sill Legal Assistance Office is available to eligible clients with a valid military identification. Additionally, a legal representative filing on behalf of an eligible Servicemember may file on the decedent's behalf with a power of attorney or copy of death certificate. For more information or to schedule an appointment, call 580-442-5058/5059.