

# Revenue Updates



Presentation to  
Tax Professional Liaison Meeting



May 29, 2020

# Agenda

- Housekeeping/Introductions.
- IRS.
  - People First Initiative/Mission Critical Updates.
  - Families First Coronavirus Response Act.
  - CARES Act payroll tax credits.
  - Filing and Payment Deadline Update.
- CARES Act impact to Oregon.
- Director's Orders.
- Upcoming.

# Housekeeping/Introductions

- We request that you please make sure your phone is muted so that everyone can hear the presentation.
- If you have a question, please email it to [TaxProfessional.Meeting@Oregon.gov](mailto:TaxProfessional.Meeting@Oregon.gov) When the presentation is complete, we'll go through the emails in the order we received them and do our best to answer them.

# CARES Act Impact to Oregon

# CARES Act PIT impacts

- **Section 1110: Emergency EIDL grants.**

Expands the entity type eligible for certain SBA loans and grants. It adds private nonprofits and agricultural cooperatives.

- **Section 1112: Subsidy for certain loan payments.**

Applies for very specific SBA loans. The administrator shall make the payment for the entity that owes the loan.

- **Section 2102: Pandemic unemployment assistance.**

Extends unemployment insurance (UI) to those that can work except for having COVID-19, caring for someone with COVID-19, or is quarantined. It also includes self-employed persons and adds other limitations and calculations that are different than standard UI.

# CARES Act PIT impacts (cont.)

- Section 2104: Emergency increase in unemployment compensation benefit.

Provides for a temporary increase of \$600 in weekly unemployment benefits for taxpayers who already qualify for and are receiving regular or extended unemployment benefits.

- Section 2107: Pandemic emergency unemployment compensation.

Provides for an extension of benefits for those that have exhausted the standard benefit.

# CARES Act PIT impacts (cont.)

- Section 2201: Recovery rebates for individuals.

Provides a one-time stimulus payment of \$1,200 to each individual taxpayer (\$2,400 for married couples filing jointly) with an additional \$500 for each qualifying child under the age of 17, with a phaseout depending on adjusted gross income (AGI).

- Section 2202: Special rules for use of retirement funds.

Provides two forms of relief for taxpayers who take early distributions from certain retirement accounts: exemption from an additional tax on early withdrawals; and deferred inclusion of distributions in taxable income.

# CARES Act PIT impacts (cont.)

- **Section 2204: Allowance of partial above-the-line deduction for charitable contributions.**

Adds a deduction to federal AGI (also known as an above-the-line deduction) for charitable contributions. It allows a deduction up to \$300 made by an individual who does not itemize their deductions on their federal income tax return.

- **Section 2205: Modification of limitations on charitable contributions during 2020.**

Temporarily suspends limitations on charitable contributions made during tax year 2020 for cash donations by individuals, if the contribution is to certain organizations and the deduction does not exceed the contribution base remaining after all other charitable contribution deductions. This allows any excess to be carried over to a later tax year.

# CARES Act PIT impacts (cont.)

- Section 2206: Exclusion for certain employer payments of student loans.

Modifies definitions of educational assistance. It adds a new subparagraph to IRC 127(c) stating that payments made before January 1, 2021 by an employer may be treated as an expense, whether paid to the employee or to a lender, of principal or interest on any qualified education loan incurred by the employee for education of the employee.

It also amends section 221(e)(1), denial of double benefit, to state that there is no benefit (student loan interest deduction) when a taxpayer's employer makes a payment on their qualified education loan (because it was already excluded from their income when the employer made the payment).

# CARES Act PIT impacts (cont.)

- Section 2303: Modification of net operating losses (NOL).

Grants taxpayers a five-year carryback period for NOL arising in tax years beginning after December 31, 2017 and before January 1, 2021 (i.e., calendar years 2018, 2019, and 2020). Taxpayers may elect to relinquish the entire five-year carryback period with respect to a particular year's NOL, with the election being irrevocable.

# CARES Act PIT impacts (cont.)

- Section 2304: Modification of limitation for taxpayers other than corporations.

Repeals the excess business loss limitation under IRC 461(l) for tax years beginning prior to January 1, 2021 (i.e., calendar years 2018, 2019, and 2020). This is accomplished by amending the statute to have the excess business loss limitation rule apply for any tax year beginning after December 31, 2020, and before January 1, 2026.

# CARES Act PIT impacts (cont.)

- Section 2306: Modification of limitation on business interest.

Modifies the amount of excess business interest allowed.

- Section 2307: Technical amendments regarding qualified improvement property (QIP).

Modifies the life of a QIP to be a 15-year property.

- Section 3702: Inclusions of certain over-the-counter medical products as qualified medical expenses.

# Director's Orders

# Director's Order 2020-01

- **For Personal Income Tax (PIT), Transit Self-Employment Tax, and Fiduciary Taxpayers:**
  - Oregon return filing due date for tax year 2019 is automatically extended from April 15, 2020 to July 15, 2020.
  - Oregon tax payment deadline for payments due with the tax year 2019 tax return is automatically extended to July 15, 2020.

**Estimated tax payments for tax year 2020 are not extended.**

**Tax year 2019 six-month extension to file, if requested, is not extended and stays at October 15, 2020.**

# Director's Order 2020-01 (cont.)

- **For Corporate Excise/Income Taxpayers:**
  - Oregon return filing due date for tax year 2019 is automatically extended from May 15, 2020 to July 15, 2020. Fiscal year returns due after May 15, 2020 are not extended at this time.
  - Oregon tax payment deadline for payments due with the tax year 2019 tax return is automatically extended to July 15, 2020. Payments for fiscal year returns due after May 15, 2020 are not extended at this time.

**Estimated tax payments for tax year 2020 are not extended.**

# Director's Order 2020-01 (cont.)

- **Interest and penalties:**
  - As a result of the extension of the due dates for filing and making payments to July 15, 2020, interest and penalties with respect to the extensions mentioned in the order will begin to accrue on July 16, 2020.

# Director's Order 2020-02

- **For PIT, Transit Self-Employment Tax, Estate, Partnership, S-Corporation and Corporate Excise/Income taxpayers and filers:**
  - Oregon return filing due date for any returns due on or after April 1, 2020 and before July 15, 2020 is automatically extended to July 15, 2020.
  - Oregon tax payment deadline for payments due with the tax year 2019 tax return is automatically extended to July 15, 2020.

**Estimated tax payments for tax year 2020 are not extended.**

# Director's Order 2020-02 (cont.)

- **Temporary extension of time to submit written objection or request for a conference and issue notices under ORS 305.265, 305.270, 311.695, 316.207, and 475B.715.**
  - Deadline for filing a written objection or request for a conference with the department after issuance of a Notice of Deficiency, Notice of Proposed Refund Adjustment, or Notice of Liability is extended from 30 days to 90 days if the 30 days were set to expire on or after April 1, 2020 and before July 16, 2020.
  - Period within which the department may issue a Notice of Assessment, Notice of Refund Denial, or conference letter is extended from 12 months to 14 months.

# Director's Order 2020-02 (cont.)

**Q35:** I received a notice titled “Letter Error” or “Billing Error.” What does this mean?

**A35:** If you received a “Letter Error” or “Billing Error” notice after April 20, 2020 for any of the following three notices: Notice of Deficiency, Notice of Proposed Refund Adjustment, or Notice of Liability issued on or after March 1, 2020 and before June 16, 2020, then your time to request a written objection or conference is extended from 30 days to 90 days. The letter in error or billing error notice alerts you that you have more time to request a written objection or conference.

# Oregon Department of Revenue relief

The screenshot shows the Oregon Department of Revenue website. The browser address bar displays `oregon.gov/dor/Pages/index.aspx`. The navigation menu includes [Home](#), [Forms](#), [Contact Us](#), [FAQ](#), [Programs](#), [Public Records](#), [Press](#), [About Us](#), and [Revenue Online](#). A yellow banner contains the text: "For the latest information on the coronavirus in Oregon, visit the [Oregon Health Authority](#). To learn how the pandemic affects your tax obligations, visit [our tax relief options page](#). We've closed our offices to walk-ins. If you need to get hold of us, please make an appointment. Go to our [Contact Us](#) page for details." The link "our tax relief options page" is circled in red, and a red arrow points to it from the right. Below the banner is a "Corporate Activity Tax" section with a green button that says "Read the FAQs, make a payment, or register". A horizontal menu below this section includes "Corporate Activity Tax", "Oregon Withholding", "Free tax prep services", and "Feedback Survey".



# COVID-19 tax relief options

## COVID-19 tax relief options

- ABOUT US
- PRESS
- PROGRAMS
- PUBLIC RECORDS
- CONTACT US
- FAQ
- FORMS
- FILE AN APPEAL
- PAYMENTS
- SALES TAX
- REVENUE ONLINE
- WEBSITE SUBJECT INDEX
- PROTECTING YOUR IDENTITY
- ARE YOU READY TO FILE?
- OREGON PERSONAL INCOME TAX WITHHOLDING
- REDIRECT\_FREETAXPREP
- COVID-19 TAX RELIEF OPTIONS

### Oregon tax return filing and payment deadlines extended

At the direction of Governor Kate Brown, the Oregon Department of Revenue has announced an extension for Oregon tax filing and payment deadlines for personal income taxes and some other taxes closely following the IRS extension declaration. This move is a result of the governor's priority to keep Oregonians safe and healthy, while also providing relief and consistency for Oregon taxpayers affected by the federal and state COVID-19 emergency.

#### Personal and corporate income tax

##### Federal relief

On March 21, 2020, the IRS issued a news release ([Notice 2020-58](#)) automatically extending the filing due date to July 15, 2020, for all returns due April 15, 2020, and allowing all payments due on that date to be deferred until July 15, 2020, without penalties or interest, regardless of the amount of the payment.

The IRS also has established a special webpage on [IRS.gov](#) focused on steps to help individuals, businesses and other taxpayers affected by the coronavirus. The distribution of economic impact payments will begin in the coming weeks and will be distributed automatically, with no action required for most people. Visit the [IRS's coronavirus tax relief webpage](#) to learn more about the payments and how individuals can get them.

##### Economic Impact Payment information

With the cooperation of the Free File Alliance, the IRS has created its first [online tool](#) to allow individuals without a 1040 filing obligation to register for an Economic Impact Payment. The IRS soon plans to offer a second tool to give citizens a payment delivery date and direct deposit information. Check back here for more details as they become available.

##### Oregon relief

Under the authority of ORS 305.157, the director of the Department of Revenue has determined that the governor's state-declared emergency due to the COVID-19 pandemic and the action of the IRS will impair the ability of Oregon taxpayers to take certain actions within the time prescribed by law. Therefore, the director has ordered an automatic extension of the 2019 tax year filing and payment due dates for certain affected taxpayers as indicated below.

For details of the extensions, see the department's [news releases](#); the March 24 [Director's Order 2020-01](#) on extending personal and corporate income tax filing and payment dates; the April 20 [Director's Order 2020-02](#) to extend deadlines for additional tax types and extending appeal rights; and the [Director's Orders FAQ](#).



# Revenue Director's Order FAQ



## Revenue Director's Order FAQ

Jump to: [Eligibility](#) | [Return Filing and Payments](#) | [Estimated Tax Payments](#) | [Economic Impact, Unemployment, and Qualified Sick/Family Leave Wage Checks](#) | [Appeal](#) | [Other FAQs](#)

### Eligibility

#### Q1: Who is eligible for relief under the Director's Orders?

A1: Any person with an Oregon tax return or tax return payment due on or after April 1, 2020 and before July 15, 2020 is eligible for relief under the Director's Orders (see Question 3 for the qualifying tax forms). "Person" includes any type of taxpayer, such as an individual, a trust, an estate, a corporation, or any type of unincorporated business entity.

The term "payment" refers to the tax payments due with the return, regardless of the amount owed. This includes the personal income tax, fiduciary income tax returns, estate transfer tax returns, S-Corporation income tax returns, and corporate income/excise tax returns and related payments for tax year 2019. The term "payment" doesn't include estimated tax payments due during tax year 2020.

Applicants for senior or disabled property tax deferral have an extended period to file applications to be effective for tax year 2020-2021. The application form will be considered timely if filed with the county assessor on or before June 15, 2020. This extension does not apply to the due date for filing recertification information with the department. Please contact the department if having difficulty meeting the due date for filing deferral recertification information.

#### Q2: Do I have to be sick, or quarantined, or have any other impact from COVID-19 to qualify for payment relief?

A2: No, you only need to have an Oregon tax return or payment due on April 1, 2020 through July 15, 2020, as described above.

#### Q3: What are the form numbers of the specific Oregon tax returns whose filing deadlines have been extended to July 15, under the Director's Orders?

A3: The Director's Orders extend the filing and payment of Oregon taxes reported on the following forms:

- Form OR-40, OR-40-N, and OR-40-P (Oregon Personal Income Tax Return)
- Form OR-41 (Oregon Fiduciary Return)
- Form OR-OC (Oregon Composite Return)
- Form OR-STI (Statewide Transit Individual Tax Return)
- Form OR-LTD and OR-TM (Transit Self-Employment Returns)

Last revised: 4/20/20

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# Upcoming

# What is happening on the horizon:

- Revenews listserv.
- Introduction of our new director.
- Special session.
- IRS extend further?

# Questions?

If you have additional questions after today,  
please contact:

[TaxProfessional.Meeting@Oregon.gov](mailto:TaxProfessional.Meeting@Oregon.gov)