

Taxpayers ignore filing deadline extension

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Groups representing accounting and tax preparation professionals sought a tax filing deadline extension partly because they needed breathing room to make the same kinds of pandemic adjustments most other businesses were making.

The Treasury received a barrage of extension requests from professional groups before its Internal Revenue Service announced March 21 that this year's federal income tax filing deadline had moved from April 15 to July 15.

For example, the request submitted to Treasury by the National Association of Tax Preparers said its members faced challenges including:

- Mandatory closures of businesses in some cities
- Reduced number of allowable people in one gathering
- Adherence to social distancing recommendations
- An inability of tax practice staff to work due to school closures resulting in unexpected childcare responsibilities
- A lack of tax practices with the technology to serve their clients virtually
- An inability of taxpayers to attend tax appointments virtually due to lack of technology understanding or hardware

Indiana's first COVID-19 death was announced March 16 and schools across the state were closed a few days later. Many individuals and businesses were taking unusual precautions by the time Gov. Eric Holcomb issued a stay-at-home order March 22.

EPCO Accounting & Tax Services in Fort Wayne and Huntington is a NATP member that has been coping with many of the challenges it outlined, according to Timothy Armstrong, president and CEO.

"There's a sign on every door of our Fort Wayne and Huntington offices explaining we have curtailed all



face-to-face tax appointments," he said.

"You are more than welcome to either scan the information to me or drop it off in a drop box and we would work on it. But to physically come in our office, sit down with a preparer, that was eliminated several weeks ago."

The tax preparation industry has not gone to video conferencing to the extent that doctors are using telemedicine because the occupations present different kinds of risks.

And once clients have mailed, or scanned and emailed, their tax information to EPCO, it can answer any questions or gather any additional details needed for preparation over the phone, Armstrong said.

"We're not out of the norm as far as my colleagues in preparing returns," he said. "With the governor's travel ban in place and just the state of affairs in the country, most of us have stopped the interview process, have stopped as much as possible that human interaction and have gone to different means.

"We have also started in with the front desk people using masks, gloves and hand sanitizers, and with the Clorox wiping down of door handles and everything else, the computer keyboards, monitors and phone receivers, on a routine basis multiple times a day."

Because students are no longer in school, childcare needs have tax preparers who ordinarily would be working out of EPCO offices in Fort Wayne and Huntington working from home, Armstrong said.

Mainstream and social media have spread word of the tax filing extension quite effectively, and almost everyone is aware that they don't have to file federal income tax returns until July 15, he said.

But most people are focused on filing as early as they can this month in order to get their returns in before the government issues stimulus or rebate checks, Armstrong said.

Individual taxpayers making up to \$75,000 annually in adjusted gross income will receive \$1,200 and married couples who file returns under \$150,000 will receive \$2,400. The checks will include an extra \$500 for each dependent child under 17.

Eligibility is based on 2019 income reflected in this year's return, or if it is not available, based on 2018 income reflected in the return filed last year, Armstrong said.

"If that's not been filed and the individual was receiving Social Security benefits of some sort, it will go to that income and base," he said. "So, there's a multiple number of ways that taxpayers

are going to receive this check if they qualify."

Every year there is a share of taxpayers who procrastinate filing until April 15, and this year they can be expected to wait until July 15.

That will present the only change that tax preparers see in April filing volume, and Armstrong said this year, the novel coronavirus has created a special bottleneck.

"We just have an extremely large inventory of completed and not picked up returns because people are adhering to the governor's stay-at-home policy," he said.

After tax information is received, EPCO employees conduct phone interviews and data entry so it can go to Armstrong for review and any needed correction, then it is scanned and printed, and documents are hole-punched and assembled into a folder, he said.

"At that point ... we've done all of the initial steps and it is complete and ready to be signed by the taxpayer and transmitted to the government agencies. They have just not come in to do that," Armstrong said.

Industrywide, "I'm sure most of us have that buildup of inventory of completed returns that we are just going to have to nudge our clients on a little bit, or sit on until the travel ban is lifted and they start leaving their homes," he said.

Tax preparers would love to reduce the bottleneck as soon as possible, he said, because "most of us don't relish the thought of having that kind of work still in our offices for that long."

The exclusion to Indiana's stay-at-home policy for professions providing essential services says business should be conducted virtually unless failure to meet in-person would have a significant adverse financial or legal impact on a client.