

## **IRS Provides Procedural Relief During COVID-19 Pandemic**

In response to the President's declared national state of emergency, the IRS issued News Release IR-2020-59 to unveil the new IRS People First Initiative and announce a series of steps to assist taxpayers. Pursuant to the Initiative, the IRS will not open new field, office, and correspondence examinations during the COVID-19 pandemic unless the statute of limitations is due to expire. In-person meetings regarding current field, office, and correspondence examinations will be suspended. Even though IRS examiners will not hold in-person meetings, they will continue their examinations remotely, where possible. The IRS will take steps necessary to protect all applicable statutes of limitations (e.g., requesting extensions, issuing Notices of Deficiency) during this emergency period. However, IRS employees are permitted to work on new cases without opening an examination, provided taxpayer contact is delayed until after the emergency declaration is lifted. In addition, IRS employees are permitted to work on "consensual work initiated by taxpayers," such as refund claims, pre-filing agreements, or voluntary disclosures, if resources are available and the work can be done without in-person contact.

Current Large Business & International (LB&I) audits will proceed, but without in-person contact, and IRS examiners can continue to issue Information Document Requests (IDRs). However, LB&I has suspended the IDR enforcement process for taxpayers who are unable, due to the COVID-19 pandemic, to timely respond to an IDR. Notwithstanding this departure, LB&I managers retain the discretion to continue with the IDR enforcement process "when in their judgment, the interests of tax administration warrant, for example, for cases with short statutes, listed transactions or fraud development." Notably, the Compliance Assurance Process, Large Corporate Compliance, FATCA, and Qualified Intermediary programs will proceed as usual, but without in-person contact. As for existing LB&I campaigns, IRS work will continue on the Syndicated Conservation Easements campaign, Micro Captive Insurance campaign, IRC 965 campaign, and any future campaigns related to the Tax Cuts and Jobs Act, but without in-person contact.

For taxpayers in IRS Appeals, Appeals conferences will continue, but without face-to-face conferences. Thus, taxpayers may be required to proceed with an Appeals conference via telephone or video link.

In response to the COVID-19 pandemic, the U.S. Tax Court building, in Washington, D.C., is closed and all trial sessions through June 30, 2020, are canceled. The Tax Court posted on its home web page that "[i]f a document mailed or sent (i.e., through the United States Postal Service or a designated delivery service) to the Court is returned to you, the party that mailed or sent the document should resend it to the Court with a copy of the envelope or container in which

it was first mailed or sent.” Section 7508A of the Code provides the Secretary of the Treasury or his delegate (Secretary) with authority to postpone the time for performing certain acts under the internal revenue laws for a taxpayer determined by the Secretary to be affected by a federally declared disaster. Pursuant to section 7508A(a), the IRS issued [Notice 2020-23](#) to extend deadlines for taxpayers. Taxpayers have until July 15, 2020, to perform “Specified Time-Sensitive Actions,” which are due to be performed on or after April 1, 2020, and before July 15, 2020. “This relief includes the time for filing all petitions with the Tax Court, or for review of a decision rendered by the Tax Court, filing a claim for credit or refund of any tax, and bringing suit upon a claim for credit or refund of any tax.” However, this notice does not provide relief for the time period for filing a petition with the Tax Court, or for filing a claim or bringing a suit for credit or refund if that period expired before April 1, 2020.

[Notice 2020-23](#) also provides the IRS with an extra 30 days to perform “Time Sensitive IRS Actions.” The additional time to perform the IRS action is limited to “Affected Taxpayers,” defined as (i) persons who are currently under examination, (ii) persons whose cases are with IRS Appeals, and (iii) persons who, during the period beginning on or after April 6, 2020, and ending before July 15, 2020, file written documents described in section 6501(c)(7) of the Code (amended returns) or submit payments with respect to a tax for which the time for assessment would otherwise expire during this period. With respect to those Affected Taxpayers, a 30-day postponement is granted for Time-Sensitive IRS Actions if the last date for performance of the action is on or after April 6, 2020, and before July 15, 2020. These actions include assessing any tax, giving or making notice of demand for payment of any tax, bringing suit by the United States, and allowing credit or refund of any tax. As a result of the postponement of the time to perform Time-Sensitive IRS Actions, the 30-day period following the last date for the performance of Time-Sensitive IRS Actions will be disregarded in determining whether the performance of those actions is timely.

An IRS employee, for the time being, may email documents to a taxpayer if the taxpayer consents and certain protocols are followed, and until July 15, 2020, the IRS will accept from taxpayers scanned or photocopied signatures and digital signatures. The IRS acceptance of the signature image is limited to extensions of statute of limitations on assessment or collection, waivers of statutory notices of deficiency and consents to assessment, closing agreements, and any other statement or form needing the signature of a taxpayer or representative traditionally collected by IRS personnel outside of standard filing procedures (e.g., a Power of Attorney). It is important to note that this rule does not apply to tax returns, which are still required to be mailed to the IRS.

We note that government orders on both the state and federal level are changing every day, and the information contained in this Memorandum is accurate only as of the date set forth above.

If you have any questions or need help with an IRS audit, please call Gregory J. Spadea at 610-521-0604.