

---

## Tax Filing Reminders

### September 15 -

- Third quarter installment of 2020 individual and calendar year C corporation estimated income tax is due.
- S corporations: Filing deadline for 2019 tax returns for S corporations that requested/received a six-month extension.
- Partnerships: Filing deadline for 2019 tax returns for partnerships that requested/received an automatic six-month extension.

### September 30 -

- Trusts and Estates: Filing deadline for 2019 fiduciary income tax returns for calendar year end trusts and states.

### October 15 -

- Extended individual and C-corp tax return filing deadline.

## IRS Provides Additional 2020 RMD Rollover Relief

The CARES Act waived required minimum distributions (RMDs) from IRAs and employer plans such as 401(k)s for 2020. However, the CARES Act was not passed until March 27, 2020 and after many individuals had already taken their RMD for 2020. Some of these retirees would not have taken the distributions if they would have known about the waiver.

That issue was originally alleviated when the federal government declared a coronavirus-related disaster that then enabled the IRS to extend numerous deadlines and due dates, including the rollover period for traditional IRAs and qualified employer plans such as 401(k)s. Accordingly, the IRS said that any 60-day rollover period that ended on or after April 1, 2020, and before July 15, 2020, was extended through July 15, 2020. This meant that distributions taken in January of 2020 weren't covered by this extended rollover period.

Normally, RMDs are not allowed to be rolled over, but because the CARES Act waives the requirement to take a 2020 distribution, these distributions are not treated as RMDs for 2020, but are considered distributions that are eligible to be rolled over.

The IRS in Notice 2020-51 has now provided additional relief, including for those who took their RMD in January, by extending the normal 60-day rollover requirement and allowing

individuals who took an RMD in 2020 to roll the RMD back into their IRA or retirement plan by no later than August 31, 2020. This means that if you took a distribution in 2020, you can roll it back (redeposit it) into the IRA or retirement plan and avoid being taxed on it in 2020, if you do so by August 31, 2020.

RMDs are required distributions from qualified retirement plans and are commonly associated with traditional IRAs, but they also apply to 401(k)s and SEP IRAs. The tax code does not allow taxpayers to indefinitely keep funds in their qualified retirement plans. Eventually, these assets must be distributed, and taxes must be paid on those distributions. If a retirement plan owner takes no distributions, or if the distributions are not large enough, then he or she may have to pay a 50% penalty on the amount that is not distributed.

The CARES Act RMD waiver applies to:

- The 2020 RMD for taxpayers who turned 70½ before 2020.
- The 2019 RMD for taxpayers who turned 70½ in 2019 and chose to defer their first distribution to 2020.
- The 2020 RMD for taxpayers who turned 72 in 2020.
- The RMDs for beneficiaries.

Be aware, however, that any part of the distribution from a traditional IRA or qualified retirement plan that you don't roll over will be taxed. This means that if federal and/or state income tax was withheld from the distribution and you want to roll over the gross amount of the distribution so none of it is taxable in 2020, you will need to use funds other than those from the distribution in order to fully roll it over. Regrettably, the withholding can't be refunded when you make the rollover. Instead, the withheld tax will be claimed as a credit on your 2020 return. In this case, your 2020 estimated tax installments and/or withholding on other income can be adjusted.

The recent Notice also says that the IRS won't treat recontributing an RMD to an IRA as a rollover for purposes of the rule that only one IRA rollover per 12-month period is permitted.

Please call this office if you have any questions about RMDs and how rolling over an RMD you've already taken will impact your tax return.

## Don't Throw Away That Notice 1444

The IRS is mailing all recipients of Economic Impact Payments a Notice 1444 that provides information about the amount of their payment, how the payment was made and how to report any payment that wasn't received. If you've already received your economic impact payment, you've probably already received this document too. This notice was issued from The White House and looks more like a letter than a traditional IRS notice, but the notice number is in the upper right of the heading, just below the date.

For security reasons, the IRS mails this notice to each recipient's last known address within 15 days after the payment goes out. Don't discard this notice, as you may need it when your 2020 tax return is prepared. The economic impact payment is actually an advance payment of a refundable tax credit based upon your 2020 tax return. In order to get the money into people's hands during the time of the greatest need, these payments generally were made based upon each individual's 2019 return, or in some cases their 2018 return.

However, your filing status, income and dependents may be different in 2020, and if the advance payment was less than what you are entitled to based upon the 2020 return, you will qualify for the difference as a refundable credit on your 2020 return.

- Example: Don and Shirley, whose AGI is less than \$150,000, are newlyweds with no children and filed a joint return in 2019. They receive an advance economic impact payment of \$2,400. In 2020, they have a baby, and when their credit is determined on the 2020 return, it is \$2,900 (\$1,200 + \$1,200 + \$500). Since they only received \$2,400 as an advance payment, they will be entitled to a \$500 refundable credit on their 2020 return. The credit will first be used to reduce their tax, and then any excess credit will be

refunded.

As you can see, it is important for you to keep Notice 1444 - Your Economic Impact Payment, with your tax records since it documents the payment you actually received. You should keep this notice filed with all your other important tax records, including W-2s from employers, 1099s from banks and other payers, other income documents and records to support tax deductions.

If you have any questions regarding your economic impact payment, please call.

Thank you for selecting our firm for your tax and accounting needs. We appreciate the confidence you have shown in us, and we remain ready to assist you at any time.

Scott Jensen  
Kramer & Jensen, LLC

The contents of this newsletter are intended to convey general information only and not to provide accounting or tax advice or opinions. The content should not be construed as, and should not be relied upon for, accounting or tax advice in any particular circumstance or fact situation. We recommend you contact us to discuss the application to any specific situation.

[VISIT OUR WEBSITE](#)



**Kramer & Jensen, LLC**  
[sjensen@kramerjensen.com](mailto:sjensen@kramerjensen.com)

[Share This Email as Webpage](#)

