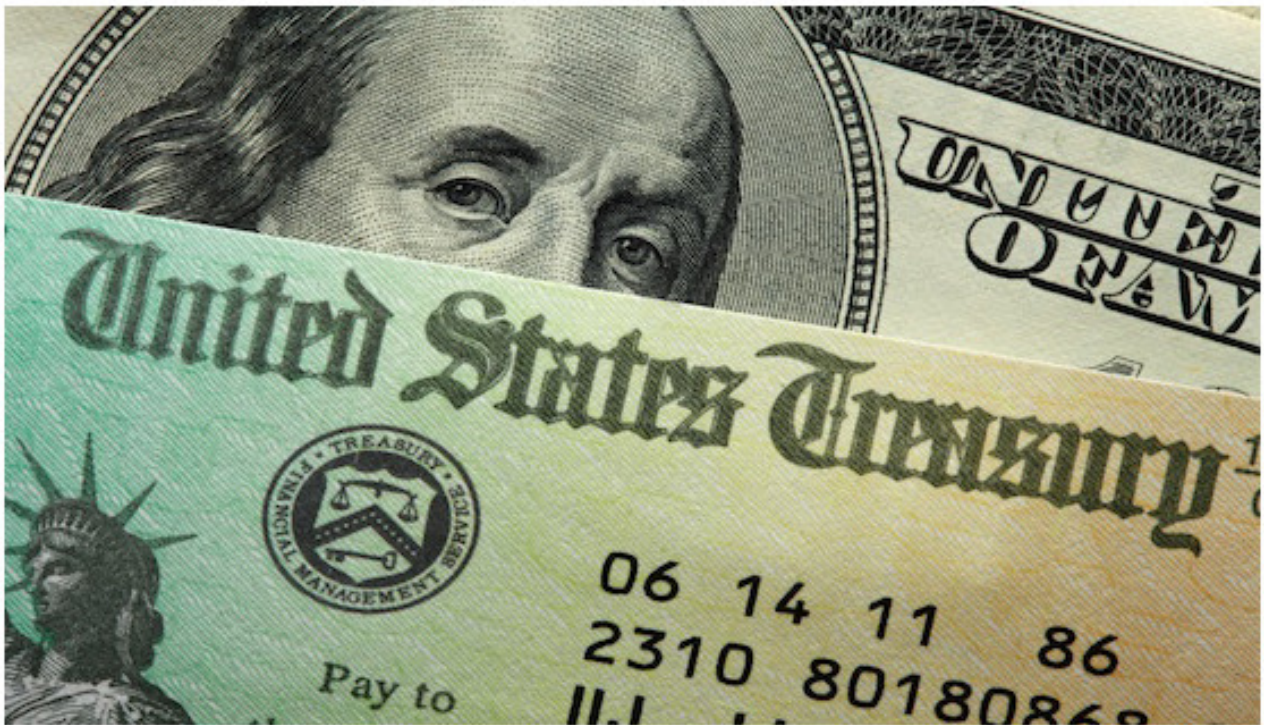


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Service. Those who were assessed a late penalty on their ...

**Isaac M. O'Bannon** • Aug. 25, 2022



Many Americans may receive an extra refund this fall from the Internal Revenue Service. Those who were assessed a late penalty on their 2019 or 2020 tax returns will receive an automatic refund if they have paid those fees, or a credit if they filed and haven't yet paid, the agency said. In total, about \$1.2 billion will be refunded or credited.

The agency says the goal is to provide relief to both individuals and businesses impacted by the pandemic, and also allow the IRS to focus its resources on processing backlogged tax returns and taxpayer correspondence to help return to normal operations for the 2023 filing season.

“Throughout the pandemic, the IRS has worked hard to support the nation and

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To qualify for this relief, any eligible income tax return must have been be filed on or before September 30, 2022.

In addition, the IRS is providing penalty relief to banks, employers and other businesses required to file various information returns, such as those in the 1099 series. To qualify for relief, the notice states that eligible 2019 returns must have been filed by August 1, 2020, and eligible 2020 returns must have been filed by August 1, 2021.

Because both of these deadlines fell on a weekend, a 2019 return will still be considered timely for purposes of relief provided under the notice if it was filed by August 3, 2020, and a 2020 return will be considered timely for purposes of relief provided under the notice if it was filed by August 2, 2021. The notice provides details on the information returns that are eligible for relief.

The notice also provides details on relief for filers of various international information returns, such as those reporting transactions with foreign trusts, receipt of foreign gifts, and ownership interests in foreign corporations. To qualify for this relief, any eligible tax return must be filed on or before September 30, 2022.

## **Relief is Automatic – No Additional Filing Necessary**

The penalty relief is automatic, the agency said. This means that eligible taxpayers need not apply for it if they have already filed their returns for those years, but those returns had been late. Those who were assessed the late penalties, but had not yet paid them will have those fees abated. If a taxpayer has already paid them, they will receive a credit or refund.

As a result, nearly 1.6 million taxpayers who already paid the penalty are receiving

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relief. Other penalties, such as the failure to pay penalty, are not eligible. But for these ineligible penalties, taxpayers may use existing penalty relief procedures, such as applying for relief under the reasonable cause criteria or the First Time Abate program. Visit [IRS.gov/penaltyrelief](https://www.irs.gov/penaltyrelief) for details.

“Penalty relief is a complex issue for the IRS to administer,” Rettig said. “We’ve been working on this initiative for months following concerns we’ve heard from taxpayers, the tax community and others, including Congress. This is another major step to help taxpayers, and we encourage those affected by this to review the guidelines.”

Income Tax • IRS • Taxes

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