



TAX BULLETIN 20-5
Virginia Department of Taxation
April 27, 2020

**IMPORTANT INFORMATION REGARDING CERTAIN
VIRGINIA TAX PAYMENT DEADLINES**

**INTEREST WAIVER FOR CERTAIN TAX PAYMENTS IN RESPONSE TO
THE COVID-19 CRISIS**

Pursuant to budget language enacted by the 2020 General Assembly (Item 3-5.23 of House Bill 29, Chapter 1283 of the 2020 Acts of Assembly, and Item 3-5.22 of House Bill 30), Virginia will waive the accrual of interest for certain Virginia income and sales tax payments that are paid on extension in response to the coronavirus disease 2019 (COVID-19) crisis. This bulletin provides additional information regarding this interest waiver program and issues related to Virginia's tax payment extensions in response to COVID-19 announced in Tax Bulletin 20-3 and Tax Bulletin 20-4.

Automatic Waiver of Interest for Certain Income Tax Payments

Certain income tax payments originally due during the period from April 1, 2020 to June 1, 2020 may now be submitted to the Department of Taxation ("the Department") without the accrual of interest as would otherwise be required for late payments. This waiver of interest only applies if full payment is made on or before June 1, 2020. For a taxpayer filing on extension, at least 90 percent of the total tax liability must be paid by June 1, 2020 in order for the interest waiver to apply. If the interest waiver applies to such a taxpayer, no interest will accrue on the amount of tax paid by June 1, 2020, but interest will accrue from the original due date to the date of payment on any amount left unpaid after June 1, 2020.

This waiver of interest applies to any payment required to be made with a Taxable Year 2019 individual, corporate, or fiduciary income tax return, as well as any such payment required to be made with respect to an election to file on extension. In addition, this waiver of interest applies to any individual, corporate, or fiduciary estimated income tax payments that are required to be paid during the period from April 1, 2020 to June 1, 2020. The waiver also applies to payments associated with composite returns.

As a result of this interest waiver and the payment extension previously announced in Tax Bulletin 20-4, taxpayers are allowed to make these income tax payments by June 1,

2020 without incurring any interest or penalties. This relief is automatic. No application or paperwork is required to qualify.

Automatic Filing Extensions

Please note that neither this bulletin nor Tax Bulletin 20-4 provides a filing extension. However, Virginia law offers an automatic filing extension to all taxpayers for up to six months (or seven months in the case of certain corporations). No application or paperwork is required to file on extension. Therefore, taxpayers eligible for an automatic interest waiver under this bulletin may file a return and fully pay any associated taxes due by June 1, 2020 without incurring interest or penalties.

Taxpayers that opt to file on extension after June 1, 2020 are still required to pay at least 90 percent of their total tax liability by such date. In addition, such taxpayers are required to pay the remaining taxes due on or before the date the return is actually filed on extension. Taxpayers that fail to comply with either of these requirements may be subject to interest and penalties. However, if a taxpayer pays at least 90 percent, but less than 100 percent, of their total tax liability by June 1, 2020 and pays any remaining taxes with a return filed by the extended due date, that taxpayer will not be subject to penalties, but will be required to pay interest on the unpaid amount.

The extended due date for individual and fiduciary income taxpayers who file on a calendar year basis is November 2, 2020. Different extended due dates apply to fiscal year and corporate income taxpayers. Please see the Department's website for more information regarding Virginia's automatic filing extension.

Effect on Pass-Through Entities

While the interest waiver and the payment extension announced in Tax Bulletin 20-4 do apply to the amount of income tax paid with a composite return, this relief does not apply to nonresident withholding tax. As a result, interest and penalties will generally be imposed if they have not paid by the original due date for filing a Pass-Through Entity Return of Income and Return of Nonresident Withholding Tax. Automatic six-month filing extensions are available for pass-through entities. No application or paperwork is required to qualify, but an extension payment must be made by the original due date to avoid payment-related penalties.

Effect on Employer Withholding

The interest waiver and the payment extension announced in Tax Bulletin 20-4 do not apply to employer withholding of income tax. As a result, interest and penalties will generally be imposed if employer withholding filings and payments are not made by the original due dates.

Waiver of Interest for Certain Sales Tax Payments

Dealers that were granted an extension of the due date for the February 2020 sales tax return and payment due in March pursuant to Tax Bulletin 20-3 will receive a waiver of the interest that would have otherwise accrued for such late payment. This waiver of interest only applies to such payments submitted to the Department no later than April 20, 2020.

This Tax Bulletin is available online in the [Laws, Rules & Decisions](#) section of the Department's website. If you have additional questions, please visit the Department's website at <http://www.tax.virginia.gov>, or contact the Department at (804) 367-8031 for individual income tax questions or (804) 367-8037 for business tax questions.