

IRS postpones due date for reporting, paying excise taxes relating to minimum required contributions delayed under CARES Act

The IRS has postponed, until January 15, 2021, the due dates for reporting and paying excise taxes under Code Secs. 4971(a)(1) and 4971(f)(1) for certain minimum required contributions to a single-employer defined benefit plan that are delayed because of the extended due date under section 3608(a) of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act, P.L. 116-136).

Background

Usually, any employer liable for a tax under Code Sec. 4971 is required to file an annual return on Form 5330 (Return of Excise Taxes Related to Employee Benefit Plans) and pay the tax by the last day of the seventh month after the end of the employer's tax year or 8 ½ months after the last day of the plan year that ends with or within the filer's tax year. Therefore, without this extension, the due date for paying the minimum required contribution for a plan year ending December 31, 2019 would have been September 15, 2020, and the determination of whether a plan has an unpaid minimum required contribution for that plan year also would have had to be made as of that date. However, section 3608(a)(1) of the CARES Act provides that the due date for paying any minimum required contribution under Code Sec. 430(j) (including quarterly installments) that would otherwise be due during calendar year 2020 is extended until January 1, 2021.

In August 2020, the IRS issued Notice 2020-61, which provided guidance regarding section 3608 of the CARES Act, including the extended due date for making a minimum required contribution for single-employer defined benefit plans. The IRS explains that if an employer that is a calendar year taxpayer maintains a single-employer defined benefit plan that is subject to Code Sec. 430 with a calendar year plan year fails to pay the minimum required contribution for the 2019 plan year by the extended due date of January 1, 2021, then there would be an unpaid minimum required contribution for the 2019 plan year and the employer would become subject to the excise tax under Code Sec. 4971(a). Similarly, if the employer fails to pay a required installment under Code Sec. 430(j)(3) to satisfy a liquidity shortfall by the delayed due date of January 1, 2021, the excise tax under Code Sec. 4971(f) would apply.

Extended due date

Absent the relief provided in this guidance, the due date for the employer's reporting and payment obligations for the excise taxes with respect to these unpaid contributions would be September 15, 2020. Thus, in order to coordinate the due date for reporting and paying the Code Secs. 4971(a)(1) and 4971(f)(1) excise taxes with the extended due date for paying the minimum required contributions to which those excise taxes apply, the IRS is postponing the reporting and payment due date for those taxes to January 15, 2021.

According to the IRS, this guidance overrides the due date provided on Form 5330 and under the Form 5330 instructions for reporting and paying excise taxes for a minimum required contribution to which section 3608(a) of the CARES Act applies. Finally, this guidance does not apply to the due dates for other excise taxes required to be reported on Form 5330.

IRS Announcement 2020-17, September 10, 2020.