

States provide sales and use tax relief to help mitigate COVID-19 impact

March 25, 2020

In brief

As businesses continue to grapple with the challenges related to COVID-19, many states are providing tax relief in the form of filing and payment deadline extensions. While many are mirroring federal relief for income tax filings, some states have extended relief to sales and use taxes. This provides an opportunity to improve cash flow and help mitigate the immediate economic impact of COVID-19 on businesses.

This Insight provides select state-specific summaries of sales and use tax filing and payment relief, with the plan to follow up with additional information in the weeks ahead as well as reports focused on specific indirect tax areas such as excise taxes. For more information, including filing and payment relief for other tax types, see [Select state and local tax relief relating to Coronavirus](#).

Note: This document summarizes certain sales and use tax relief provided by states; however, it is not intended to address every indirect tax relief measure relating to COVID-19. This document should not be a replacement for independent tax research. This content is for general information purposes only and should not be used as a substitute for consultation with professional advisors.

In detail

For some states, sales and use tax filing and payment relief only applies (at least for the time being) to the most recent due date (e.g., March 20), while in others the relief covers multiple monthly reporting periods. [Maryland](#) has announced the ability to apply for a refund of taxes already paid over to the state with the return due on March 20.

Further, some states are providing other indirect tax relief. For example, the [Washington](#) Department of Revenue is providing business and occupation (B&O) tax relief, although it asks all businesses still to file their returns if they are able to do so. Upon request, the Department will provide extensions for paying taxes that are due and not already paid (even if the request is after the due date).

States also are providing property tax relief. For example, [Indiana](#) has provided a waiver of penalties for late property tax payments, and [Iowa](#) has suspended penalty and interest for delay of property tax payments. Numerous localities are pushing out deadlines or suspending certain operations. For example, the [Cook County](#) Assessor's Office has announced a temporary suspension of assessment notice mailings and appeal deadlines.

Sales and use tax compliance deadlines - states provide relief

- **Alabama:** Late payment penalties through June 1, 2020 are waived for small retail businesses whose monthly retail sales during the previous calendar year averaged \$62,500 or less that are unable to timely pay their February, March, and April 2020 state sales tax liabilities. [Commissioner Order \(3/18/20\)](#)
- **California:** To provide relief from interest and penalties, the provisions of the Revenue and Taxation Code that apply to the taxes and fees administered by the California Department of Tax and Fee Administration (CDTFA), requiring the filing of a statement under penalty of perjury setting forth the facts for a claim for relief, are suspended for a period of 60 days after the date of this Order (March 12, 2020) for any individuals or businesses who are unable to file a timely tax return or make a timely payment as a result of complying with a state or local public health official's imposition or recommendation of social distancing measures related to COVID-19. Taxpayers may request relief from the CDTFA online, by letter, or email. [Executive Order \(3/12/20\)](#); [DTFA guidance](#)
- **District of Columbia:** An automatic waiver of interest and penalties that ordinarily would be assessed for failure to timely pay sales and use tax due for periods ending on February 29, 2020 and March 31, 2020 applies as follows:
 - Monthly Filers. Eligible vendors who are required to file sales tax returns on a monthly basis must file an FR-800M as usual through MyTax.DC.gov on or before March 20, 2020 for the period ending February 29, 2020 and on or before April 20, 2020 for the period ending March 31, 2020.
 - Quarterly Filers. Eligible vendors who are required to file sales tax returns on a quarterly basis must file an FR-800Q as usual through MyTax.DC.gov on or before April 20, 2020 for the period ending March 31, 2020.
 - All eligible vendors must pay in full all sales and use taxes due for periods ending on February 29, 2020 and March 31, 2020 on or before July 20, 2020. Failure to pay in full by July 20, 2020 will result in interest and penalties accruing from the original payment due dates. [OTR Tax Notice 2020-02 \(3/20/20\)](#)
- **Illinois:** Taxpayers operating eating and drinking establishments that incurred a total sales tax liability of less than \$75,000 in calendar year 2019 will not be charged penalties or interest on late payments for liabilities reported on Form ST-1, Sales and Use Tax and E911 Surcharge Return, that are due for the February, March, and April 2020 reporting periods. For most qualified taxpayers, the Illinois Department of Revenue (IDOR) will automatically waive penalties and interest. Qualified taxpayers must file Form ST-1 for each reporting period by their original due dates, even if they are unable to make a payment. To qualify for relief, taxpayers must pay their liabilities due in March, April, and May 2020 starting on May 20, 2020 and continuing through August 20, 2020. [Informational Bulletin 2020-23 \(March 2020\)](#)
- **Louisiana:** The filing and payment deadline for the February 2020 sales tax period is automatically extended to May 20, 2020 (no extension request is necessary). The Department will waive delinquency penalties and compromise interest if the return and payment are received by May 20, 2020. Taxpayers cannot utilize the Parish E-File or Sales Tax Online filing systems to take advantage of this filing and payment extension relief. Sales tax returns and payments must be submitted via LaTAP or by paper filing. All electronic filing and payment mandates relative to sales tax are temporarily suspended. No penalties will be assessed for a taxpayer's failure to file a sales tax return electronically or remit sales tax by electronic funds transfer. [RIB 20-008 \(3/19/20\)](#)
- **Maryland:** The state will extend business-related tax filing deadlines. The June 1 extension applies to certain business returns with due dates during the months of March, April, and May 2020, including businesses filing sales and use tax and motor fuel excise tax returns. Business taxpayers that file and pay by the extended due date will receive a waiver of interest and penalties. Businesses that paid March sales and use tax early may request a refund of their payment by emailing taxpayerrelief@marylandtaxes.gov or calling the Department at (410) 260-4020. [Franchot Announces Extension of Business Tax Filing Deadlines \(3/11/20\)](#); [Updated News Release : Comptroller Franchot: Sales & Use Tax Not Due Today \(3/20/20\)](#)

- **Massachusetts:** Relief applies to vendors whose cumulative sales tax liability in the 12-month period ending February 29, 2020, is less than \$150,000. For such taxpayers, returns and payments due during the period beginning March 20, 2020 and ending May 31, 2020, inclusive, are due on June 20, 2020. This extension to file returns and make payments does not apply to marketplace facilitators or vendors selling motor vehicles. [Emergency Regulation \(3/20/20\)](#)
- **Michigan:** The Department of Treasury is waiving penalty and interest for the late payment of tax or the late filing of the return due on March 20, 2020. The waiver will be effective for a period of 30 days; return or payment may be submitted to the Department without penalty or interest through April 20, 2020. The waiver is limited to sales, use, and withholding payments and returns due March 20, 2020. Any payment or return otherwise due after that date will not be eligible for the current waiver. The waiver is not available for accelerated sales, use, or withholding tax filers. [Notice \(3/17/20\)](#)
- **Minnesota:** The Minnesota Department of Revenue is granting a 30-day sales and use tax grace period for businesses identified in Executive Order 20-04. During this time, the department will not assess penalties or interest. Identified businesses with a monthly payment due March 20, 2020, will have until April 20 to make that payment. These taxpayers should still file their return by March 20. At this time, this grace period for penalty and interest is only for monthly filers and only for the March 20 payment. Identified businesses can request additional relief from penalty and interest for reasonable cause after April 20. [Sales Tax Payment Extension for Businesses Identified in Executive Order 20-04 \(3/18/20\)](#); [Executive Order 20-04](#)
- **New York:** Taxpayers seeking interest and penalty abatements for COVID-related filing and payment delays may request relief by visiting the Department's website at www.tax.ny.gov. From the Department homepage, taxpayers can click on [Tax Department response to novel coronavirus \(COVID-19\)](#) to find instructions on how to apply for relief. Alternatively, taxpayers that receive a penalty notice from the Tax Department for failure to file returns or make payments due March 20, 2020, should follow the instructions on the notice to request abatement of interest and late filing or late payment penalties that otherwise would apply. [Important Notice N-20-1 \(3/20/20\)](#)
- **North Carolina:** The Secretary of Revenue has elected to waive the following penalties: (1) penalty for failure to file a return, (2) penalty for failure to pay tax when due, and (3) penalties regarding informational returns. The waiver applies to the failure to timely file a return or pay a tax that is due between March 15, 2020, and March 31, 2020, if the return or extension application is filed, or the tax is paid by April 15, 2020. [Important Notice: Department of Revenue Provides Penalty Relief to Persons Affected by Novel Coronavirus Disease \(3/17/20\)](#)
- **Pennsylvania:** The Department of Revenue is waiving penalties for businesses that are required to make Accelerated Sales Tax (AST) prepayments by the deadline of Friday, March 20. Additionally, for April sales tax payments, the department is waiving the AST prepayment requirement and asking businesses to simply remit the sales tax that they have collected in March. [Waiver of Penalties on Accelerated Sales Tax Prepayments \(3/19/20\)](#)
- **South Carolina:** Tax returns and payments due April 1–June 1 will now be due June 1, 2020. Penalty and interest will not be charged if payment is made by June 1. The Department of Revenue is automatically applying this tax relief for all applicable returns and payments; taxpayers do not need to take any additional action. [News release \(3/17/20\)](#); [Information Letter 20-4 \(3/23/20\)](#)
- **Vermont:** The Governor has directed the Commissioner of Taxes to exercise his authority to provide relief to Vermont businesses that owe sales and use tax until further notice. Taxpayers that are unable to meet the March 25 and April 25 deadlines due to the implementation of mitigation steps to slow the spread of COVID-19 will not be charged any penalty or interest on these taxes for late submissions. [Department Press Release \(3/23/20\)](#)
- **Virginia:** The Department will consider requests from sales tax dealers for an extension of the due date for filing and payment of the February 2020 sales tax return due March 20, 2020. If the request is granted, the Department will allow filing and payment of such return on April 20, 2020 with a waiver of any penalties that would have applied. However, interest will accrue even if an extension is granted. [Tax Bulletin 20-3 \(3/19/2020\)](#)

The takeaway

Businesses are being challenged by unexpected demands from the economic impact of COVID-19. Relief from indirect tax filing and payment deadlines may help companies meet these and future challenges in this fast-changing business environment. Businesses should continue to monitor legislative and regulatory developments in the states impacting indirect tax compliance.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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