

Employee Benefit Plans Alert

COVID-19 Update

Excerpt from Notice 2020-18 — Relating to IRAs, Work-based Retirement Plans, Health Savings Accounts (HSAs) and Archer Medical Savings Accounts (MSAs)

By Louis F. LiBrandi, EA, CEBS, ChFC, TGPC, Principal

This Alert includes recently-issued information in [Notice 2020-18](#), which the IRS developed in a question and answer (Q & A) format providing special federal income tax return filing and payment relief in response to COVID-19.

Individual Retirement Accounts (IRAs) and Workplace-Based Retirement Plans

Q17. Does this relief provide more time to contribute money to an IRA for 2019?

A17. Yes. Contributions can be made to your IRA, for a particular year, at any time during the year or by the due date for filing your return for that year. Because the due date for filing federal income tax returns has been postponed to July 15, the deadline for making contributions to your IRA for 2019 is also extended to July 15, 2020. For more details on IRA contributions, see Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

Q18. If I owe the 10% additional tax on amounts includible in gross income from a distribution that I took from my IRA or workplace-based retirement plan in 2019, is the due date for paying that additional tax also extended to July 15, 2020 on account of this relief?

A18. Yes, because the 10% additional tax is calculated, reported, and paid at the same time as the income tax owed on the amounts includible in gross income on the distribution, the reporting and payment of the 10% additional tax also has been extended to July 15, 2020 as a result of this relief.

Q19. I made excess elective deferrals to my workplace-based retirement plan in 2019. Do I have to take those excess deferrals (and income) out of the retirement plan no later than April 15, 2020, in order to exclude the distributions from income?

A19. Yes, because that date is not also extended as a result of this relief.

Q20. For employers with a federal income tax return due date of April 15, 2020, is the end of the grace period under section 404(a)(6) to make contributions to their qualified retirement plans on account of 2019 also July 15, 2020 as a result of this relief?

A20. Yes, because these employers are Affected Taxpayers under Notice 2020-18 for whom the due date for filing federal income tax returns and making federal income tax payments that would be due April 15, 2020, is now July 15, 2020, the end of the grace period for these employers is also July 15, 2020 under this relief. So, for example, if an employer is a corporation with an April 15, 2020 due date for filing the Form 1120, then the grace period under section 404(a)(6) for the employer to make contributions to its workplace-based retirement plan that are treated as made on account of 2019 ends on July 15, 2020.

Health Savings Accounts (HSAs) and Archer Medical Savings Accounts (MSAs)

Q21. Does this relief provide me more time to contribute money to my HSA or Archer MSA for 2019?

A21. Yes. Contributions may be made to your HSA or Archer MSA, for a particular year, at any time during the year or by the due date for filing your return for that year. Because the due date for filing Federal income tax returns is now July 15, 2020, under this relief, you may make contributions to your HSA or Archer MSA for 2019 at any time up to July 15, 2020. For more details on HSA or Archer MSA contributions, see [Publication 969, Health Savings Accounts and other Tax-Favored Health Plans](#).

To Be Continued...

Given the passing of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), we will continue to provide informational updates relating to employee benefit plans.

Contact Us

The Employee Benefit Services Group at PKF O'Connor Davies is available to assist employers with the various compliance reporting and other compliance requirements imposed by federal agencies. We also provide a full spectrum of compliance services for qualified retirement plans, nonqualified deferred compensation plans and welfare plans. For more information, please contact your client services partner or:

Timothy J. Desmond, CPA, Partner
Employee Benefit Services Practice Leader
tjdesmond@pkfod.com | 551.249.1728

Louis F. LiBrandi, EA, CEBS, ChFC, TGPC, Principal
Employee Benefit Services Group
lilibrandi@pkfod.com | 646.449.6327

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