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March 25, 2020

Mr. Gale Garriott  
Executive Director  
Federation of Tax Administrators  
444 North Capitol St. NW, Suite 348  
Washington, D.C. 20001

*Via Email*

**RE: Request for Administrative and Payment Relief for State and Local Taxes**

Dear Mr. Garriott:

We write to urge state tax agencies to provide administrative and payment relief for state and local taxpayers in response to the COVID-19 pandemic. In-house tax practitioners responsible for preparing federal, state, and local tax returns of business taxpayers have been required to telework and, in many cases, shelter in place to prevent the spread of the COVID-19 virus. The unique and unprecedented nature of this crisis makes many deadlines and administrative practices traditionally required by state and local tax administrators unworkable. This letter outlines recommendations that Tax Executives Institute is offering to all state tax administrators to assist businesses and governments during the next few months, as we adapt to the limitations this international disruption presents.

**About Tax Executives Institute**

Tax Executives Institute (TEI) is the preeminent association of in-house tax professionals worldwide and was founded in 1944 to serve the professional needs of business tax professionals. Today, the organization has 57 chapters in Europe, North and South America, and Asia, creating a global network where members from all over the world share thoughts and ideas about issues relevant to in-house tax departments. Our nearly 7,000 members represent 2,800 companies in Europe, the United States, Canada, Asia, and Latin America.

TEI members are in-house tax practitioners (accountants, lawyers, and other corporate and business employees) responsible for the tax affairs of their employers

in an executive, administrative, or managerial capacity. TEI espouses organizational values and goals that include integrity, effectiveness, efficiency, and dedication to improving the tax system for the benefit of taxpayers and tax administrators.

## Recommendations

1. **Delay all state income and franchise filing and payment deadlines:** The federal government has indicated that federal income tax filing and payment deadlines will be delayed until July 15 for tax years ending December 31. Extending the federal filing date enables taxpayers to adjust to remote workplace arrangements, comply with social distancing recommendations, and observe shelter-in-place mandates required by various jurisdictions. Extending the tax payment deadline provides taxpayers with additional liquidity during the COVID-19 disruption.

State income and franchise tax filings and payments also require such relief. Many items composing federal taxable income – the starting point for determining state taxable income – must be modified for state tax purposes. Taxpayers need sufficient time to analyze and report the adjustments required to prepare their state income tax returns. If states do not extend the deadline for filing state tax returns, taxpayers will need to correct errors reported on their originally-filed state returns on amended state tax returns. Such amendments would consume already strained resources of taxpayers and states. TEI thus requests that states automatically extend the deadline for filing state income and franchise tax returns and paying such tax until at least 30 days after the federal income tax filing date.

2. **Delay all state and local sales/use taxes and property tax filing and payment deadlines:** TEI requests that states and localities automatically extend the deadline for filing and paying sales/use taxes, gross receipts taxes, and property taxes by at least 60 days.

Taxpayers file sales/use tax returns on a monthly or quarterly basis. Taxpayers require time to adjust to the challenges of preparing sales/use tax and property returns remotely. Moreover, sales/use taxes are generally calculated based on the amount the business bills rather than on the amount the business has collected. The need for additional liquidity for sales/use tax payments is thus particularly urgent.

3. **Permit businesses to adhere to work locations for state and local tax purposes:** The COVID-19 pandemic has required many portions of the workforce to work remotely. Employees may now reside or conduct their work in a jurisdiction other than their work location. TEI requests that states and localities allow businesses the option to use these employees' work locations for payroll withholding, nexus, and apportionment purposes while such telework requirements are in place.
4. **Permit electronic fund transfers for payments:** Some states and localities require written checks for tax payments. The processing of checks necessitates the physical presence of several employees. TEI requests that states and localities waive these requirements to enable taxpayers to comply with social distancing and shelter-in-place requirements.

5. **Permit electronic signatures:** Some states and localities require original signatures to execute waivers and other tax documents. TEI requests that states and localities allow electronic signatures to enable taxpayers to comply with social distancing and shelter-in-place requirements.
6. **Provide taxpayers with extensions for audit and protest matters:** Once states and localities have initiated an audit or controversy, taxpayers are subject to various deadlines, including but not limited to responding to information and document requests. Taxpayers may be unable to comply with such deadlines because employees cannot access physical files, and information and documents may not be available remotely. The inability to share and exchange information using normal procedures may exacerbate such delays. Further, it will take time for taxpayers and tax administrators to determine appropriate ways to communicate during this time, including how to receive and respond to time sensitive notices.

TEI requests that states and localities stay the deadlines for such requests for 60-90 days while the COVID-19 disruption is ongoing. Such a stay would provide taxpayers and tax administrators the opportunity to communicate regarding how and when taxpayers can address such requests.

In sum, the COVID-19 pandemic has dramatically altered the way businesses and tax administrators must conduct business over the next several months. TEI supports all measures ensuring the cooperation of taxpayers and tax officials as we navigate this crisis. We welcome the opportunity to discuss these and other recommendations with you further.

\* \* \*

TEI's comments were prepared under the aegis of TEI's State & Local Tax Committee, whose chair is Michell Rodriguez and whose legal staff liaison is Pilar Mata. If you have questions about our recommendations, please call Ms. Mata at + 1 202 464 8346 or [pmata@tei.org](mailto:pmata@tei.org).

Respectfully submitted,

**Tax Executives Institute**



Katrina Welch  
International President