

# **EXHIBIT C**



# COVID tax relief: IRS provides broad-based penalty relief for certain 2019 and 2020 returns due to the pandemic; \$1.2 billion in penalties being refunded to 1.6 million taxpayers

IR-2022-155, August 24, 2022

WASHINGTON — To help struggling taxpayers affected by the COVID-19 pandemic, the Internal Revenue Service today issued [Notice 2022-36](#), which provides penalty relief to most people and businesses who file certain 2019 or 2020 returns late.

The IRS is also taking an additional step to help those who paid these penalties already. Nearly 1.6 million taxpayers will automatically receive more than \$1.2 billion in refunds or credits. Many of these payments will be completed by the end of September.

Besides providing relief to both individuals and businesses impacted by the pandemic, this step is designed to allow the IRS to focus its resources on processing backlogged tax returns and taxpayer correspondence to help return to normal operations for the 2023 filing season.

"Throughout the pandemic, the IRS has worked hard to support the nation and provide relief to people in many different ways," said IRS Commissioner Chuck Rettig. "The penalty relief issued today is yet another way the agency is supporting people during this unprecedented time. This penalty relief will be automatic for people or businesses who qualify; there's no need to call."

The relief applies to the failure to file penalty. The penalty is typically assessed at a rate of 5% per month, up to 25% of the unpaid tax when a federal income tax return is filed late. This relief applies to forms in both the Form 1040 and 1120 series, as well as others listed in [Notice 2022-36](#), posted today on [IRS.gov](#).

To qualify for this relief, any eligible income tax return must be filed on or before September 30, 2022.

In addition, the IRS is providing penalty relief to banks, employers and other businesses required to file various information returns, such as those in the 1099 series. To qualify for relief, the notice states that eligible 2019 returns must have been filed by August 1, 2020, and eligible 2020 returns must have been filed by August 1, 2021.

Because both of these deadlines fell on a weekend, a 2019 return will still be considered timely for purposes of relief provided under the notice if it was filed by August 3, 2020, and a 2020 return will be considered timely for purposes of relief provided under the notice if it was filed by August 2, 2021. The notice provides details on the information returns that are eligible for relief.

The notice also provides details on relief for filers of various international information returns, such as those reporting transactions with foreign trusts, receipt of foreign gifts, and ownership interests in foreign corporations. To qualify for this relief, any eligible tax return must be filed on or before September 30, 2022.

## **Relief is automatic; most of \$1.2 billion in refunds delivered to eligible taxpayers by next month**

Penalty relief is automatic. This means that eligible taxpayers need not apply for it. If already assessed, penalties will be abated. If already paid, the taxpayer will receive a credit or refund.

As a result, nearly 1.6 million taxpayers who already paid the penalty are receiving refunds totaling more than \$1.2 billion. Most eligible taxpayers will receive their refunds by the end of September.

Penalty relief is not available in some situations, such as where a fraudulent return was filed, where the penalties are part of an accepted offer in compromise or a closing agreement, or where the penalties were finally determined by a court. For details, see [Notice 2022-36](#), available on IRS.gov.

This relief is limited to the penalties that the notice specifically states are eligible for relief. Other penalties, such as the failure to pay penalty, are not eligible. But for these ineligible penalties, taxpayers may use existing penalty relief procedures, such as applying for relief under the reasonable cause criteria or the First Time Abate program. Visit [IRS.gov/penaltyrelief](https://www.irs.gov/penaltyrelief) for details.

"Penalty relief is a complex issue for the IRS to administer," Rettig said. "We've been working on this initiative for months following concerns we've heard from taxpayers, the tax community and others, including Congress. This is another major step to help taxpayers, and we encourage those affected by this to review the guidelines."

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