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## IRS Extends Individual Tax Return Due Date

The IRS has announced, in [IR 2021-59](#), that the federal income tax filing due date for individuals for the 2020 tax year will be automatically extended from April 15, 2021, to May 17, 2021. Individual taxpayers, including those that pay self-employment tax, can also postpone federal income tax payments for the 2020 tax year due on April 15, 2021, to May 17, 2021, without penalties and interest, regardless of the amount owed. Penalties, interest and additions to tax will begin to accrue on any remaining unpaid balances as of May 17, 2021. Individual taxpayers do not need to file any forms or call the IRS to qualify for this automatic federal tax filing and payment relief. Individual taxpayers who need additional time to file (but not pay) beyond the May 17 deadline can request a filing extension until Oct. 15 by filing Form 4868, Application for Automatic Extension of Time To File U.S. Individual Income Tax Return.

## IRS Releases Practice Unit on Sale of a Partnership Interest

The IRS has released a [Practice Unit](#), Sale of a Partnership Interest. In general, the practice unit provides that when a sale of a partnership interest occurs, the entity theory is the underlying concept, not the aggregate theory. This means the ownership interest a partner has in a partnership is treated as a separate asset that can be purchased and sold. The selling partner treats the gain or loss on the sale of the partnership interest as the sale of a capital asset except when the partnership entity holds certain types of assets, like Section 751 assets and assets subject to unrecaptured Section 1250 gain.

## IRS Releases Reminder About Required Minimum Distributions

The IRS, in [release 2021-57](#), reminded taxpayers about the rules for required minimum distributions (RMDs) from retirement accounts, such as 401(k), 403(b), profit sharing and other defined contribution plans. As required by the Setting Every Community Up for Retirement Enhancement Act (SECURE Act), passed in 2019, a retirement plan account owner must normally begin taking an RMD annually starting the year he or she reaches 70½ or 72, depending on their birthdate and potentially the year they retire. However, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) waived RMDs during 2020, so seniors and retirees, including beneficiaries with inherited accounts, were not required to take money out of IRAs and workplace retirement plans. The waiver included RMDs for individuals who turned age 70½ in 2019 and took their first RMD in 2020. Individuals who reached age 70½ before 2020 and were still employed, but terminated employment in 2020, would normally have a 2020 RMD due by April 1, 2021, from their workplace retirement plan. This RMD is also waived as part of the CARES Act relief. Roth IRAs do not require withdrawals until after the death of the owner.

## IRS Holds Partnership Interests Are Obligations in Registered Form

The IRS ruled, in [Private Letter Ruling 202110007](#), that interests in a limited partnership are “similar evidence of interest in a similar pooled fund” within the meaning of Code Section 1.163-5T(d)(1) and that, if the requirements of Code Section 5f.103-1(c)(1) are satisfied, the interests in such limited partnership will be considered obligations in registered form. The limited partnership will principally hold debt instruments and pass-through certificates, as defined in section [1.163-5T\(d\)\(1\)](#). Its principal business is to use its investors’ capital contributions to acquire mortgage loans on commercial and residential real estate located in the U.S. (Mortgages) and to acquire interests in various partnerships,

which also use their investors' capital contributions to acquire Mortgages.

### **PA and NJ Extend State Individual Income Tax Filing Deadline**

The [Pennsylvania Department of Revenue](#) and the [New Jersey Department of the Treasury](#) both announced, in line with recent IRS guidance (discussed above), that the deadline for taxpayers to file their respective state 2020 personal income tax returns and make final 2020 income tax payments is extended to May 17, 2021. Under Pennsylvania law, the deadline for filing state income tax returns is tied to the deadline set at the federal level, whereas the NJ extension was made under the authority of the NJ Department of Treasury's Director of the Division of Taxation.



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