

July 1, 2026

Recent Court Decision May Affect the Assessment of COVID-Era IRS Penalties and Interest

Tax Planning & Structuring

A recent federal court decision, *Kwong v. United States*, may create an opportunity for some taxpayers to seek refunds or other relief for certain IRS penalties and interest connected to the COVID-19 period. Although the law is still developing, July 10, 2026, may be an important deadline either for preserving those claims or requesting a refund or abatement. We are monitoring this area and evaluating whether the ruling may be relevant based on individual circumstances.

Why This Matters

During the COVID-19 declared emergency, special disaster-relief rules postponed certain tax deadlines. In *Kwong*, taxpayers who paid certain penalties and interest – or still have unpaid assessed amounts from that period – may want to review whether relief is available. This issue may apply to a wide range of taxpayers, including individuals, businesses, and trusts/estates.

Items Worth Reviewing

- Failure to file and pay penalties
- Certain estimated tax penalties and interest

Important Reminders

- There may be a limited time opportunity to recover penalties and interest paid during the pandemic.
- The IRS will not issue refunds automatically.
- Action is required by July 10, 2026, but in some situations the deadline could be earlier.
- We can help determine eligibility and file protective claims or claims for refund or abatement of penalties and interest where appropriate.

Please contact a member of Gould & Ratner's [Tax Planning & Structuring Practice](#) to discuss how these changes may affect you. As always, planning ahead can help you maximize your financial situation and position you for greater success.