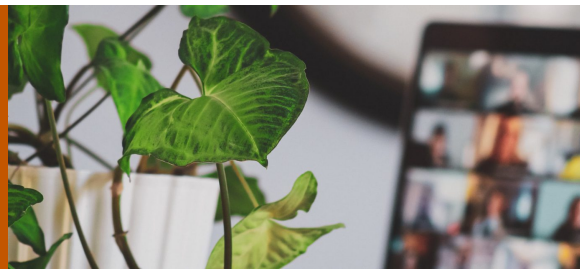
Alert: Potential IRS Penalty & Interest Refund Opportunities

MAY 11, 2026 | BY: THE LEADERSHIP TEAM



We wanted to bring to your attention a recent federal court decision that may affect your prior tax liabilities. This alert applies to individual taxpayers, small businesses, large corporations, estates and trusts and impacts income, employment, estate, gift and excise tax liabilities.

In Kwong v. United States (2025), a federal court held that due to the COVID-19 national disaster declaration many federal tax deadlines were effectively postponed from **January 20, 2020 through July 10, 2023** (including an additional 60-day extension). As a result, certain IRS **penalties and interest** — particularly for late filing or late payment — that were assessed during this period **may have been improper** and could be eligible for refund or abatement. The final outcome of the case is uncertain pending appeals and additional litigation, and there is no certainty that it will ultimately be resolved in favor of taxpayers.

You may be affected by this decision if you:

- Filed a tax return late between January 20, 2020, and July 11, 2023;
- Paid penalties for filing or paying late during that period (possibly including estimated tax penalties even on a timely filed return);
- Owed IRS penalties even if you have not paid them; or
- Filed an international information return late.

What this means for you:

- You may be eligible to **recover penalties or interest** paid during the COVID period; or
- You may be able to **request abatement** of any remaining balances related to those charges.

Next steps:

- We recommend reviewing your IRS account transcripts for tax years impacted by 2020–2023 deadlines. You can access a copy of your IRS account transcript through **your IRS online account.** The Taxpayer Advocate Service, an independent organization within the IRS, has **published helpful guidance on how to access and review your account transcript** through your IRS online account.
- If you know that you paid penalties or interest during the applicable period, or were notified that you owed penalties, please let us know.
- If applicable, we may discuss with you whether we should file a **"protective claim"** to preserve your right to a refund while the IRS continues to review or potentially appeal the decision.
- In many cases, the **deadline to act may be as early as July 10, 2026**, so timely review is important.

This is a complex and evolving legal issue. We are working to understand the complexities and determine who may benefit from this recent decision.

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