

June 9, 2026

Potential Protective Refund Claims Related to COVID-Era IRS Penalties and Interest

Our firm wants to make all clients aware of a developing federal tax issue that may warrant review if you were assessed or paid certain IRS penalties or related interest during the COVID-19 period.

Overview

A recent Court of Federal Claims decision, *Kwong v. United States (Kwong)*, has raised a potentially significant and time-sensitive issue regarding whether certain taxpayers may need to evaluate refund, abatement, or protective-claim options involving COVID-era penalties and related interest.

For purposes of this notice, the “COVID-19 period” generally refers to the period beginning January 20, 2020, and ending July 10, 2023, although the relevant dates for any particular claim may depend on the taxpayer’s facts and applicable limitation rules.

The issue remains unsettled. The United States has appealed the decision, and it may take years for the ultimate outcome of the case to be known. Action may be required before July 10, 2026, to preserve any rights you may have. *Kwong* should not be treated as a settled conclusion that taxpayers are entitled to refunds or abatements. The broader application of the case to refund claims, penalty abatements, underpayment interest, overpayment interest, or other COVID-era penalty and interest issues may depend on taxpayer-specific facts, IRS guidance, future litigation, or appellate activity.

Public commentary, including recent National Taxpayer Advocate and CPA practitioner materials, has raised the possibility that some taxpayers may need to file a refund claim, abatement request, or protective claim to preserve potential rights. For many taxpayers, **July 10, 2026, may be an important date**, although the applicable deadline may vary based on the type of claim, tax period involved, assessment and payment dates, prior IRS action, pending examination, Appeals or litigation status, and applicable limitation rules.

This communication does not mean that we believe you are entitled to a refund or abatement, that a claim should be filed, that any particular deadline applies to you, or that the time to file a claim remains open. It is intended to make you aware of a developing legal issue that may impact you.

What This Means for You

The following questions are intended only to help you decide whether the developing legal issues in the *Kwong* matter may have implications to you. Answering “yes” does not mean that you are entitled to relief or that a claim should be filed.

- Were you assessed or did you pay an IRS penalty for late filing, late payment, failure to deposit, failure to make estimated tax payments, or a similar timing-related issue?
- Were you charged IRS interest on unpaid tax, penalties, or other IRS assessments?
- Did you receive an IRS notice showing penalties or interest for a return, payment, deposit, or other tax obligation that may have been treated as late?

- Did you have unpaid tax, penalties, or interest from a prior year, or a pending IRS examination, Appeals, collection, refund, or abatement matter involving penalties, interest, or payment timing during that period?

The fact that one of these situations applies only means that your situation may warrant further review.

The IRS may not provide relief automatically in situations where a claim is required. If you believe one of these situations may apply and would like us to review whether this issue may be relevant to your situation, please contact our office promptly, and no later than **June 30, 2026**.

Because obtaining IRS transcripts and reviewing assessment and payment history may take time, it's imperative that you **contact us well before July 10, 2026**, if you want us to evaluate whether a refund claim, abatement request, or protective claim may be appropriate.

Any review, analysis, or preparation of a refund claim, abatement request, or protective claim would require a separate written engagement defining the scope of our services, the expected costs and the responsibilities of both you and the firm.

Please Note

Unless and until we enter into a separate written engagement for this matter, this communication is provided for general informational purposes only. We are not undertaking to review your IRS account transcripts or assessment/payment history, determine whether you may have a claim, prepare or file any submission, monitor deadlines, monitor legal developments, respond to IRS correspondence, supplement or perfect any claim, or take any action on your behalf regarding this issue.