

IRS Penalties & Interest Potential Refund & Abatement Opportunity

A recent federal court ruling may create an opportunity for businesses and individuals to seek refunds of certain IRS penalties and interest assessed between 2020 and 2023.

BACKGROUND

What Happened

During COVID-19, the IRS postponed certain tax deadlines under Internal Revenue Code §7508A. A recent court case (*Kwong v. United States*) held that this postponement period must be excluded when calculating certain tax deadlines, effectively extending those deadlines. Based on this interpretation, some practitioners believe there may be grounds to review penalties (and potentially related interest) that may have been improperly assessed in connection with deadlines occurring during the period from January 20, 2020 through July 10, 2023.

IF PENALTIES WERE PAID

- There may be a potential refund opportunity
- Each case is fact-specific and requires review

IF PENALTIES ARE OUTSTANDING

- There may be a potential abatement opportunity
- Each case is fact-specific and requires review

ELIGIBILITY

Who Should Consider This

If you or your business paid IRS penalties or interest for deadlines during tax years 2020 through 2023, you may be eligible. Potentially eligible filers include:

Businesses charged failure-to-file or failure-to-pay penalties

Taxpayers who paid IRS interest on underpayments

Estimated tax penalties for businesses or individuals

Self-employed individuals and freelancers

Individuals with penalties or interest on personal returns

ACT NOW

Timing

For most taxpayers, the deadline to take action may be July 10, 2026. Taxpayers may be able to file a protective claim to preserve their rights to pursue a refund or abatement before this deadline.

July 10, 2026

After this date, a taxpayer may permanently lose the ability to pursue relief. Early evaluation is strongly encouraged.

OUR SERVICES

How WonderTrust Helps

WonderTrust provides a structured process to evaluate and act on this opportunity. All work is performed on a fact-specific basis, designed to help taxpayers take timely and organized action.

IRS Data Review	Obtains and analyzes IRS transcripts and account history
Opportunity Assessment	Identifies penalties and interest that may be relevant under this framework
Claim Preparation	Prepares protective claims to preserve refund or abatement rights
Process Management	Coordinates documentation, filing, and tracking as the legal landscape develops

IMPORTANT NOTES

- This is not an IRS program
- The law is still developing and outcomes are not guaranteed
- All situations are evaluated on individual facts

DISCLAIMER

This document is provided for informational purposes only and does not constitute legal or tax advice. Any action taken should be based on consultation with qualified tax or legal professionals.

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