

Authority to postpone certain tax-related deadlines by reason of presidentially-declared disaster—Hurricane Frances.

Headnote:

Florida taxpayers living in one of 36 counties, or others whose records are located within those counties, and relief workers, have been granted various tax relief due to Hurricane Frances beginning 9/3/2004. Extension period granted earlier for storms Bonnie and Charlie, as announced by *IR 2004-108* (8/16/2004), has also been lengthened. Relief includes having until 12/30/2004 to file returns and make payments that are due between 9/3/2004 and 12/30/2004. Other relief including tax deposit penalty waiver and options available for claiming casualty losses were detailed.

Reference(s): ¶ 75,08A4; Code Sec. 7508A;

Full Text:

The Internal Revenue Service today announced special tax relief for Florida taxpayers in the Presidential Disaster Area that was struck by Hurricane Frances beginning Sept. 3, 2004. It also lengthened the extension period it had earlier granted for the disaster area counties struck by the storms Bonnie and Charley, most of which are also in the latest disaster area.

Taxpayers in either disaster area generally will have until Dec. 30 to file tax returns and submit tax payments. The IRS will abate interest and any late filing or late payment penalties that would apply. “The severity of this hurricane season in Florida, compounded by multiple storms hitting the same counties, leads us to provide a longer period of tax relief than usual,” IRS Commissioner Mark W. Everson said. “The special tax relief will give affected taxpayers until Dec. 30 to file and pay their taxes. The IRS wants to help during this difficult time.”

The Hurricane Frances disaster area consists of 36 counties: Alachua, Brevard, Broward, Charlotte, Citrus, Clay, Columbia, DeSoto, Dixie, Duval, Flagler, Gilchrist, Glades, Hardee, Hendry, Hernando, Highlands, Hillsborough, Indian River, Lake, Levy, Marion, Martin, Miami-Dade, Okeechobee, Orange, Osceola, Palm Beach, Pasco, Polk, Putnam, Seminole, St. Johns, St. Lucie, Sumter and Volusia. Among the tax relief details:

- The Federal Tax Deposit (FTD) Penalty Waiver Period for employment and excise tax deposits is Sept. 3-20, 2004.
- The Extension Period for returns and other tax payments is Sept. 3 - Dec. 30, 2004.




- The Disaster Designation for this area is “Hurricane Frances” - taxpayers mark certain relief-related forms with this designation in red.

Affected Taxpayers

For the purposes of this tax relief, affected taxpayers include individuals and businesses located in the disaster area, those whose tax records are located in the disaster area, and relief workers. The same relief will also apply to any places added to the disaster area.

Extensions to File or Pay Taxes

The IRS gives affected taxpayers until the last day of the Extension Period to file tax returns or make tax payments, including estimated tax payments, that have either an original or extended due date falling within this Period. The IRS will abate interest and any late filing or late payment penalties that would apply during these dates to returns or payments subject to these extensions.

The IRS also gives affected taxpayers until the last day of the Extension Period to perform certain other time-sensitive actions described in  Treasury Regulation § 301.7508A-1(c)(1) and  Rev. Proc. 2004-13, 2004-4 I.R.B. 335, that are due to be performed during this Period. This relief includes the filing of Form 5500 series returns, in the manner described in section 8 of  Rev. Proc. 2004-13.

This extension to file and pay does not apply to information returns, or to employment and excise tax deposits. However, the IRS may abate penalties on such deposits for affected taxpayers due to reasonable cause during the FTD Penalty Waiver Period, provided they make the payment by the last day of that Period. Taxpayers whose specific disaster-related circumstances prevent them from making tax deposits within that Period may seek penalty abatements on a case-by-case basis.

To qualify for this relief, affected taxpayers should put the assigned Disaster Designation in red ink at the top of the return, except for Form 5500, where filers should check Box D in Part 1 and attach a statement, following the form's instructions. Individuals or businesses located in the disaster area - or taxpayers outside the area that were directly affected by this disaster - should contact the IRS if they receive penalties for filing returns or paying taxes late.

Casualty Losses

Affected taxpayers in a Presidential Disaster Area have the option of claiming disaster-related casualty losses on their federal income tax return for either this year or last year. Claiming the loss on an original or amended return for last year will get the taxpayer an earlier refund, but waiting to claim the loss on this year's return could result in a greater tax saving, depending on other income factors.

Individuals may deduct personal property losses that are not covered by insurance or other reimbursements, but they must first subtract \$100 for each casualty event and then subtract ten percent of their adjusted gross income from their total casualty losses for the year. For details on figuring a casualty loss deduction, see IRS Publication 547, "Casualties, Disasters and Thefts."

Affected taxpayers claiming the disaster loss on a last year's return should put the Disaster Designation in red ink at the top of the form so that the IRS can expedite the processing of the refund.

Other Relief

The IRS will waive the usual fees and expedite requests for copies of previously filed tax returns for affected taxpayers who need them to apply for benefits or to file amended returns claiming casualty losses. Such taxpayers should put the assigned Disaster Designation in red ink at the top of Form 4506, "Request for Copy of Tax Return," or Form 4506-T, "Request for Transcript of Tax Return," as appropriate, and submit it to the IRS.

Affected taxpayers who are contacted by the IRS on a collection or examination matter should explain how the disaster impacts them so that the IRS can provide appropriate consideration to their case.

Taxpayers may download forms and publications from the IRS Web site at www.irs.gov or may order them by calling 1-800-TAX-FORM (1-800-829-3676). The IRS toll-free number for general tax questions is 1-800-829-1040