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Headnote:

Reference(s):

Full Text:

The Internal Revenue Service today announced special tax relief for taxpayers in the Presidential Disaster Areas of four Gulf Coast states struck by **Hurricane** Ivan - Alabama, Florida, Louisiana and Mississippi.

These taxpayers 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. This relief includes the Sept. 15th due date for estimated taxes and for calendar-year corporate returns with automatic extensions

"**Hurricane** victims have more than enough concerns - taxes shouldn't be among them," said IRS Commissioner Mark W. Everson. "We hope our relief provisions will help taxpayers in their financial recovery from this storm."

The disaster areas include:

- 12 Alabama counties: Baldwin, Butler, Clarke, Coffee, Conecuh, Covington, Crenshaw, Escambia, Geneva, Mobile, Monroe and Washington;
- 16 Florida counties: Bay, Calhoun, Escambia, Franklin, Gadsden, Gulf, Holmes, Jackson, Leon, Liberty, Okaloosa, Santa Rosa, Taylor, Wakulla, Walton and Washington;
- 8 Louisiana parishes: Jefferson, Lafourche, Orleans, Plaquemines, St. Bernard, St. Charles, St. Tammany and Terrebonne; and
- 10 Mississippi counties: Clarke, George, Greene, Hancock, Harrison, Jackson, Lauderdale, Perry, Stone and Wayne.

Among the tax relief details:



- The Federal Tax Deposit (FTD) Penalty Waiver Period for employment and excise tax deposits is Sept. 13 - Oct. 1, 2004.
- The Extension Period for returns and other tax payments is Sept. 13 - Dec. 30, 2004.
- The Disaster Designation for this area is "**Hurricane** Ivan" - 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 most tax returns, including partnership and S-corporation returns, or to 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 in the W-2, 1098, 1099 or 5498 series, to Forms 1042-S or 8027, 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