

Victims of Tropical Storm Fay May Qualify for IRS Disaster Relief

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- Updated 9/2/08 to add Duval, Lee, Leon, Seminole and Wakulla counties.

WASHINGTON — Victims of Tropical Storm Fay in Florida may qualify for tax relief from the Internal Revenue Service.

Following severe storms and flooding on Aug. 18, the federal government declared Brevard, Duval, Hendry, Lee, Leon, Okeechobee, Seminole, St. Lucie, Volusia and Wakulla counties as presidential disaster areas that qualify for Individual Assistance.

As a result, the IRS is postponing until Nov. 17 certain deadlines for taxpayers who reside or have a business in the disaster area. The postponement applies to return filing, tax payment and certain other time-sensitive acts otherwise due between Aug. 18, 2008 and Nov. 17, 2008.

In addition, the IRS will waive the failure to deposit penalties for employment and excise deposits due on or after Aug. 18 and on or before Sept. 2, as long as the deposits were made by Sept. 2.

If an affected taxpayer receives a penalty notice from the IRS, the taxpayer should call the telephone number on the notice to have the IRS abate any interest and any late filing or late payment penalties that would otherwise apply. Penalties or interest will be abated only for taxpayers who have an original or extended filing, payment or deposit due date, including an extended filing or payment due date, from Aug. 18, 2008 and Nov. 17, 2008.

IRS computer systems automatically identify taxpayers located in the covered disaster area and apply automatic filing and payment relief. Affected taxpayers who reside or have a business located outside the covered disaster area must call the IRS disaster hotline at 1-866-562-5227 to request tax relief.

Covered Disaster Area

The counties listed above constitutes a covered disaster area for purposes of Treas. Reg. § 301.7508A-1(d)(2) and are entitled to the relief detailed below.

Affected Taxpayers

Taxpayers considered to be affected taxpayers eligible for the postponement of time to file returns, pay taxes and perform other time-sensitive acts are those taxpayers listed in Treas. Reg. § 301.7508A-1(d)(1), and include individuals who live, and businesses whose principal place of business is located, in the covered disaster area. Taxpayers not in the covered disaster area, but whose books, records, or tax professionals' offices are in the covered disaster area, are also entitled to relief. In addition, all relief workers affiliated with a recognized government or philanthropic organization assisting in the relief activities in the covered disaster area are eligible for relief.

Grant of Relief

Under section 7508A, the IRS gives affected taxpayers until Nov. 17, 2008 to file most tax returns (including individual, corporate, and estate and trust income tax returns; partnership returns, S corporation returns, and trust returns; estate, gift, and generation-skipping transfer tax returns; and employment and certain excise tax returns), or to make tax payments, including estimated tax payments, that have either an original or extended due date occurring

on or after Aug. 18, 2008, and on or before Nov. 17, 2008.

The IRS also gives affected taxpayers until Nov. 17, 2008, to perform other time-sensitive actions described in Treas. Reg. § 301.7508A-1(c)(1) and [Rev. Proc. 2007-56, 2007-34 I.R.B. 388 \(August 20, 2007\)](#), that are due to be performed on or after Aug. 18, 2008, and on or before Nov. 17, 2008. This relief also includes the filing of Form 5500 series returns, in the manner described in section 8 of Rev. Proc. 2007-56. The relief described in section 17 of Rev. Proc. 2007-56, pertaining to like-kind exchanges of property, also applies to certain taxpayers who are not otherwise affected taxpayers and may include acts required to be performed before or after the period above.

The postponement of time to file and pay does not apply to information returns in the W-2, 1098, 1099 series, or to [Forms 1042-S](#) or [8027](#). Penalties for failure to timely file information returns can be waived under existing procedures for reasonable cause. Likewise, the postponement does not apply to employment and excise tax deposits. The IRS, however, will abate penalties for failure to make timely employment and excise deposits, due on or after Aug. 18, 2008, and on or before Sept. 2, 2008, provided the taxpayer made these deposits by Sept. 2, 2008.