



Tax Relief Granted for Hurricane Rita

IR-2005-110, Sept. 26, 2005

(Updated 9/27/05 to add four Louisiana parishes)

(Updated 9/28/05 to add three Louisiana parishes)

(Updated 9/29/05 to add four Louisiana parishes)

(Updated 9/30/05 to add two Louisiana parishes)

(Updated 10/4/05)

(Updated 10/6/05 to clarify coverage area)

WASHINGTON — The Internal Revenue Service today announced relief for taxpayers affected by Hurricane Rita. The President issued major disaster declarations covering Texas and Louisiana effective Sept. 23, 2005.

Taxpayers affected by the hurricane may be eligible for relief. Deadlines for affected taxpayers to file returns, pay taxes and perform other time-sensitive acts have been postponed to Feb. 28, 2006, the same extended date that Congress granted to taxpayers affected by Hurricane Katrina.

In the hardest-hit areas of Texas and Louisiana, the tax relief will be automatic, and taxpayers won't need to do anything to get the extensions and other relief available. In Texas, nine counties qualify for automatic tax relief: Chambers, Galveston, Hardin, Jasper, Jefferson, Liberty, Newton, Orange and Tyler.

In Louisiana, 21 parishes qualify for automatic tax relief: Acadia, Allen, Ascension, Beauregard, Calcasieu, Cameron, Evangeline, Iberia, Jefferson, Jefferson Davis, Lafayette, Lafourche, Plaquemines, Sabine, St. Landry, St. Martin, St. Mary, Terrebonne, Vermilion, Vernon and West Baton Rouge.

In other areas of Texas and Louisiana (outside of the nine counties and 21 parishes listed above), affected taxpayers are eligible for relief, but will need to self-identify. Taxpayers outside of Texas and Louisiana, whose books, records or tax professionals are located in the impacted areas, also will need to identify themselves to the IRS as hurricane victims.

The IRS encourages all victims of this hurricane to identify themselves by writing "Hurricane Rita" in red ink at the top of their tax forms or any other documents filed with the IRS. Taxpayers who need to alert the IRS or have other Rita-related questions can also call the special IRS disaster hotline at 1-866-562-5227.

The IRS has postponed deadlines — and will abate interest and any late filing, late payment or failure to deposit penalties that would otherwise apply — for any tax return, tax payment or tax deposit with an original or extended due date falling on or after Sept. 23, 2005. This relief includes the Oct. 17 deadline for individuals who received a second extension for filing their individual income tax returns; the Oct. 31 deadline for filing quarterly federal employment and excise tax returns; and employment and excise deposits due on or before Feb. 28, 2006. In addition, any affected taxpayer who receives a penalty notice from the IRS should call the number on the notice to receive penalty abatement.

The IRS will provide relief from compliance activities until Feb. 28, 2006, in the hardest-hit areas, specifically those counties and parishes listed above. Compliance activities for taxpayers outside the hardest-hit areas will be suspended if those taxpayers identify themselves as affected by the disaster. Taxpayers with questions in these areas can contact the IRS.

Covered Disaster Area

All counties and parishes in Texas and Louisiana constitute 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 are in the covered disaster area, are also entitled to relief. In addition, all workers assisting in the relief activities in the covered disaster area are eligible for relief whether or not they are affiliated with a recognized government or philanthropic organization. Finally, any individuals visiting the covered disaster area that were killed or injured as a result of the hurricane are also entitled to relief.

Grant of Relief

Under sections 6081, 6161, and 7508A, the IRS gives affected taxpayers until Feb. 28, 2006, to file most tax returns (including individual income tax returns, corporation and S-corporation income tax returns, partnership tax returns, estate and trust income tax returns, estate and gift tax returns, exempt organization returns, employment tax returns, and certain excise tax returns), or to make tax payments, including estimated tax payments, that have either an original or extended due date falling on or after Sept. 23, 2005 and on or before Feb. 28, 2006. The IRS will abate interest and any late filing or late payment penalties that would apply during this period to returns or payments subject to these extensions.

The IRS also gives affected taxpayers until Feb. 28, 2006, to perform other time-sensitive actions described in Treas. Reg. § 301.7508A-1(c)(1) and Rev. Proc. 2005-27, 2005-20 I.R.B. 1050, that are due to be performed on or after Sept. 23, 2005, and on or before Feb. 28, 2006.

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 due on or before Feb. 28, 2006. Penalties for failure to timely file information returns can be waived under existing procedures for reasonable cause. The IRS will abate penalties for affected taxpayers for failure to make timely deposits, provided they make these deposits by Feb. 28, 2006.

The IRS assures individuals, businesses and tax practitioners that it will continue monitoring the aftermath of Hurricane Rita and resolve other potential tax administration issues as they arise.

Link:

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