



GMS Flash Alert

2017-131 | September 1, 2017



United States – IRS Announces Tax Relief to Victims of Hurricane Harvey

On August 28, 2017, the U.S. Internal Revenue Service (IRS) announced that Hurricane Harvey victims in parts of Texas have until January 31, 2018, to file certain individual and business tax returns and make certain payments.¹ The tax relief postpones various tax filing and payment deadlines that occurred starting on August 23, 2017.

WHY THIS MATTERS

Individuals who have been granted an extension of time to file have an obligation to file their U.S. federal income tax returns by October 16, 2017, and some may have quarterly estimated tax payments coming due. In addition, certain tax-related deadlines for businesses are fast approaching. Relief from these obligations is welcome as affected individuals and businesses begin the slow process of recovering from the destruction caused by the severe storms and flooding.

Individual Taxpayers

The due date for individuals to file and pay their U.S. federal income taxes is April 15. However, taxpayers may request an extension of time to file individual income tax returns until October 15. The extension of time to file does not apply to the payment of tax due. Interest is charged on tax payments made after April 15 and late payment penalties may be assessed.

Under the recently announced relief, affected individuals who received a tax-filing extension until October 16, 2017, will have until January 31, 2018 to file their 2016 federal income tax returns. However, tax payments related to the 2016 tax returns that were originally due on April 18, 2017, are not eligible for this relief.

The deadline for making quarterly estimated tax payments originally due on September 15, 2017 and January 16, 2018, is extended to January 31, 2018.

In addition, taxpayers who suffer uninsured or unreimbursed disaster-related losses can choose to claim them on either the tax return for the year in which the loss occurred (in this case, 2017), or the return for the prior year (2016), which would have the effect of accelerating the financial relief associated with the claim for the loss.²

Businesses

A number of business tax deadlines are also affected including the October 31 deadline for quarterly payroll and excise tax returns. The IRS is waiving late-deposit penalties for federal payroll and excise tax deposits normally due on or after August 23 and before September 7 if the deposits are made by September 7, 2017. Similar to individual taxpayers, the deadline for quarterly estimated payments due on September 15, 2017 and January 16, 2018, is extended to January 31, 2018.

Affected Counties

The IRS automatically provides filing and penalty relief to taxpayers with an IRS address of record located in the disaster area. Currently, individuals and businesses in the following Texas counties are eligible for relief: Aransas, Bee, Brazoria, Calhoun, Chambers, Fort Bend, Galveston, Goliad, Harris, Jackson, Kleberg, Liberty, Matagorda, Nueces, Refugio, San Patricio, Victoria, and Wharton. Any locations added to the list at a later date will automatically receive filing and payment relief.³

FOOTNOTES:

1 See IRS Announcement 2017-11 at: <https://www.irs.gov/pub/irs-drop/a-17-11.pdf> . Also see IR-2017-135 (August 28, 2017) at: <https://www.irs.gov/newsroom/irs-gives-tax-relief-to-victims-of-hurricane-harvey-parts-of-texas-now-eligible-extension-filers-have-until-jan-31-to-file> .

2 See IRS Publication 547 for details: <https://www.irs.gov/publications/p547/index.html>.

3 To stay up-to-date on relief announced by the IRS for the victims of disasters, see the IRS Web page "Tax Relief in Disaster Situations" at: <https://www.irs.gov/newsroom/tax-relief-in-disaster-situations> .

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