



GMS Flash Alert

2018-090 | June 27, 2018



United States – June 29 Filing Deadline for Puerto Rico, U.S.V.I., American Samoa

On June 26, 2018, the U.S. Internal Revenue Service (IRS) issued a release reminding residents of Puerto Rico, the U.S. Virgin Islands, and American Samoa who were affected by last year's hurricanes and tropical storms of the requirement to file a 2017 federal income tax return or pay 2017 tax by the extended deadline of June 29, 2018.¹ The extended deadline is available regardless of whether a taxpayer's residence changed during 2017.² In addition, certain residents may need to file Form 8898, *Statement for Individuals Who Begin or End Bona Fide Residence in a U.S. Possession*, along with their Form 1040 or Form 1040NR.

WHY THIS MATTERS

The IRS extended tax filing deadlines until June 29, 2018, for victims of Hurricane Maria in the U.S. Virgin Islands and Puerto Rico, and victims of tropical storm Gita in American Samoa. Following the IRS extension, affected individuals have until June 29, 2018, to file their 2017 tax returns and pay any taxes due on those returns. Further, no interest, late-payment or late-filing penalty will be due.

A \$1,000 penalty may apply if a person who is required to file Form 8898 fails to file or files an incorrect or incomplete Form 8898.

Form 8898

In the same release, the IRS also noted that certain residents of Puerto Rico, the U.S. Virgin Islands, and American Samoa who permanently relocated to the U.S. mainland due to last year's hurricanes and tropical storms may need to file Form 8898. Due to the disaster-related extensions granted by the IRS to residents of these three U.S. territories, Form 8898 generally is due June 29, 2018. In addition, any individual who files for an income tax filing extension will also have until October 15, 2018 to file Form 8898.

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Form 8898 Filing Requirement

The Form 8898 filing requirement applies to any individual who had total gross income exceeding \$75,000 for the year, ceased to be, or became, a bona fide resident of a U.S. territory during 2017, and met other requirements. U.S. territories include Guam and the Commonwealth of the Northern Mariana Islands, along with Puerto Rico, the U.S. Virgin Islands, and American Samoa.

The requirement to file Form 8898 for married couples applies to each spouse separately. Likewise, the \$75,000 income threshold applies to each spouse separately.

Generally, a taxpayer is a bona fide resident of a U.S. territory if the taxpayer:

- satisfied the “presence test” – i.e., spent at least 183 days in the territory;
- does not have a tax home outside the U.S. territory; and
- does not have a closer connection to the United States or to a foreign country than to the U.S. territory.

Generally, this means that a person who lives and works in a U.S. territory and spends most of his or her time there is considered a bona fide resident of that territory. Special residency rules apply for active duty military members of the U.S. Armed Forces and their civilian spouses.

Residents of Puerto Rico and the U.S. Virgin Islands who temporarily left due to Hurricane Irma or Hurricane Maria, but have already returned to the territory, or plan to do so, will generally not need to file Form 8898. Under special relief, none of the time between September 6, 2017, and May 31, 2018, counts as time away from the territory. For prior coverage see GMS [Flash Alert 2018-043](#) (February 28, 2018).

FOOTNOTES:

1 See [IR-2018-69](#), “Tax Filing Deadline Postponed until June 29 for Victims of Hurricane Maria in Puerto Rico and the Virgin Islands” (March 22, 2018); [AS-2018-01](#), “Tax Relief for Victims of Tropical Storm Gita in American Samoa” (March 7, 2018).

2 For related coverage, see the following issues of GMS *Flash Alert*: [2018-043](#) (February 28, 2018) and [2018-148](#) (October 9, 2018).

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The above information is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230 as the content of this document is issued for general informational purposes only.

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