

Updated 11/15/12

IRS Provides Tax Relief to Victims of Hurricane Sandy; Return Filing and Tax Payment Deadline Extended to Feb. 1, 2013

Updated 11/9/12, 11/13/12 and 11/15/12 to expand the area covered by this relief.

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IR-2012-83, Nov. 2, 2012

WASHINGTON — In the aftermath of Hurricane Sandy, the Internal Revenue Service announced additional tax relief to affected individuals and businesses.

Following recent disaster declarations for individual assistance issued by the Federal Emergency Management Agency, the IRS announced today that affected taxpayers in Connecticut, New Jersey and New York will receive tax relief. Other locations may be added in coming days based on additional damage assessments by FEMA.

The tax relief postpones various tax filing and payment deadlines that occurred starting in late October. As a result, affected individuals and businesses will have until Feb. 1, 2013 to file these returns and pay any taxes due. This includes the fourth quarter individual estimated tax payment, normally due Jan. 15, 2013. It also includes payroll and excise tax returns and accompanying payments for the third and fourth quarters, normally due on Oct. 31, 2012 and Jan. 31, 2013 respectively. It also applies to tax-exempt organizations required to file Form 990 series returns with an original or extended deadline falling during this period.

The IRS will abate any interest, late-payment or late-filing penalty that would otherwise apply. The IRS automatically provides this relief to any taxpayer located in the disaster area. Taxpayers need not contact the IRS to get this relief.

Beyond the relief provided by law to taxpayers in the FEMA-designated counties, the IRS will work with any taxpayer who resides outside the disaster area but whose books, records or tax professional are located in the areas affected by Hurricane Sandy. All workers assisting the relief activities in the covered disaster areas who are affiliated with a recognized government or philanthropic organization are eligible for relief. Taxpayers who live outside of the impacted area and think they may qualify for this relief need to contact the IRS at 866-562-5227.

In addition, the IRS is waiving failure-to-deposit penalties for federal payroll and excise tax deposits normally due on or after the disaster area start date and before Nov. 26, if the deposits are made by Nov. 26, 2012. Details on available relief can be found on the [disaster relief](#) page on IRS.gov.

The tax relief is part of a coordinated federal response to the damage caused by the hurricane and is based on local damage assessments by FEMA. For information on disaster recovery, individuals should visit [disasterassistance.gov](#).

The IRS wants to assure taxpayers, businesses and tax preparers that it is working aggressively to monitor the situation and provide additional relief as needed.

So far, IRS filing and payment relief applies to the following localities:

In Connecticut (starting Oct. 27): Fairfield, Middlesex, New Haven, and New London Counties and the Mashantucket Pequot Tribal Nation and Mohegan Tribal Nation located within New London County;

In New Jersey (starting Oct. 26): Atlantic, Bergen, Burlington, Camden, Cape May, Cumberland, Essex, Gloucester, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Salem, Somerset, Sussex, Union and Warren;

In New York (starting Oct. 27): Bronx, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Sullivan, Suffolk, Ulster and Westchester;

In Rhode Island (starting Oct. 26): Newport and Washington counties.

Related Item: [Help for Victims of Hurricane Sandy](#)

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Please visit <http://www.irs.gov/uac/Newsroom/Help-for-Victims-of-Hurricane-Sandy> for up to date information.

Taxpayers affected by Super Storm Sandy are granted an extension pursuant to Revenue Procedure 2007-56. Taxpayers involved in Section 1031 Like-Kind Exchange Transactions, please see Section 17 Special Rules for Section 1031 Like-Kind Exchange Transaction.

These taxpayers are entitled to an extension of their 45 day identification period and their 180 day exchange period, provided the relevant deadline fell on or after the date of the storm. The extension ends the later of 120 days from the original deadline, or the last day of the general disaster extension provided by the IRS, which is currently February 1, 2013.

The extension applies only to "affected taxpayers", which automatically includes those who reside in the disaster area declared by FEMA, taxpayers who had difficulty meeting their 45-Day or 180-Day Deadlines, taxpayers whose property was located in covered disaster area are just a few qualifying examples for postponement. For a list of all qualifications, please see Section 17 attached to this Notice.

For additional questions, please contact our office at 516-771-2400. Any taxpayer who believes they may be entitled to this relief should consult with their accountant or tax advisor.

We, at Exchange Solutions, Inc., hope that you, your families and loved ones are safe.

SECTION 17. SPECIAL RULES FOR SECTION 1031 LIKE-KIND EXCHANGE TRANSACTIONS

.01 Taxpayers are provided the relief described in this section if an IRS news release or other guidance provides relief for acts listed in this revenue procedure (unless the news release or other guidance specifies otherwise).

.02 (1) The last day of a 45-day identification period set forth in section 1.1031(k)-1(b)(2) of the Income Tax Regulations, the last day of a 180-day exchange period set forth in section 1.1031(k)-1(b)(2), and the last day of a period set forth in section 4.02(3) through (6) of Rev. Proc. 2000-37, modified by Rev. Proc. 2004-51, that fall on or after the date of a Presidentially declared disaster, are postponed by 120 days or to the last day of the general disaster extension period authorized by an IRS News Release or other guidance announcing tax relief for victims of the specific Presidentially declared disaster, whichever is later. However, in no event may a postponement period extend beyond: (a) the due date (including extensions) of the taxpayer's tax return for the year of the transfer (See Treas. Reg. § 1.1031(k)-1(b)(2)); or (b) one year (See IRC § 7508A(a)).

(2) A taxpayer who is a transferor qualifies for a postponement under this section only if—

(a) The relinquished property was transferred on or before the date of the Presidentially declared disaster, or in a transaction governed by Rev. Proc. 2000-37, modified by Rev. Proc. 2004-51, qualified *indicia* of ownership were transferred to the exchange accommodation titleholder on or before that date; and

(b) The taxpayer (transferor)—

(i) Is an "affected taxpayer" as defined in the IRS News Release or other guidance announcing tax relief for the victims of the specific Presidentially declared disaster; or

(ii) Has difficulty meeting the 45-day identification or 180-day exchange deadline set forth in section 1.1031(k)-1(b)(2), or a deadline set forth in section 4.02(3) through (6) of Rev. Proc. 2000-37, modified by Rev. Proc. 2004-51, due to the Presidentially declared disaster for the following or similar reasons:

(A) The relinquished property or the replacement property is located in a covered disaster area (as defined in section 301.7508A-1(d)(2)) as provided in the IRS News Release or other guidance (the covered disaster area);

(B) The principal place of business of any party to the transaction (for example, a qualified intermediary, exchange accommodation titleholder, transferee, settlement attorney, lender, financial institution, or a title insurance company) is located in the covered disaster area;

(C) Any party to the transaction (or an employee of such a party who is involved in the section 1031 transaction) is killed, injured, or missing as a result of the Presidentially declared disaster;

(D) A document prepared in connection with the exchange (for example, the agreement between the transferor and the qualified intermediary or the deed to the relinquished property or replacement property) or a relevant land record is destroyed, damaged, or lost as a result of the Presidentially declared disaster;

(E) A lender decides not to fund either permanently or temporarily a real estate closing due to the Presidentially declared disaster or refuses to fund a loan to the taxpayer because flood, disaster, or other hazard insurance is not available due to the Presidentially declared disaster; or

(F) A title insurance company is not able to provide the required title insurance policy necessary to settle or close a real estate transaction due to the Presidentially declared disaster.

.03 The postponement described in this section also applies to the last day of a 45-day identification period described in section 1.1031(k)-1(b)(2) and the last day of a 45-day identification period described in section 4.05(4) of Rev. Proc. 2000-37, modified by Rev. Proc. 2004-51, that falls prior to the date of a Presidentially declared disaster if an identified replacement property (in the case of an exchange described in section 1.1031(k)-1), or an identified relinquished property (in the case of an exchange described in Rev. Proc. 2000-37, modified by Rev. Proc. 2004-51) is substantially damaged by the Presidentially declared disaster.

.04 If the taxpayer (transferor) qualifies for relief under this section for any reason other than section 17.02(2)(b)(i), then such taxpayer is not considered an affected taxpayer for purposes of any other act listed in this revenue procedure or for any acts listed in an IRS News Release or other published guidance related to the specific Presidentially declared disaster.