

WNTS Insight

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Required payments of estimated tax delayed for victims of Hurricane Sandy

In brief

The IRS has postponed certain tax filing and payment deadlines and has provided penalty waivers and other assistance for affected taxpayers located in a designated disaster area, including areas of New York, Connecticut, New Jersey, and Rhode Island, in recognition of the difficulty in meeting filing and payment deadlines due to Hurricane Sandy.

In detail

Shortly after Hurricane Sandy, the IRS, pursuant to its authority under section 7508A, published a brief announcement indicating that certain payment and filing deadlines that occurred beginning in late October would be postponed until February 1, 2013, for taxpayers affected by Hurricane Sandy. The initial announcement indicated that this relief would apply to the fourth quarter *individual* estimated tax payment, normally due January 15, 2013; to payroll and excise tax returns and accompanying payments for the third and fourth quarters, normally due on October 31, 2012, and January 31, 2013, respectively; and to tax-exempt organizations required to file Form 990 series returns with an original or extended deadline falling during this period.

In the weeks following Hurricane Sandy, the IRS has continued to update this initial guidance to include additional covered disaster areas eligible for relief.

The IRS also has published more detailed guidance for each of the states affected by Hurricane Sandy, including New York, Connecticut, New Jersey and Rhode Island. This subsequent guidance more clearly describes the categories of taxpayers eligible for, as well as the nature of, the relief granted by the IRS.



Pursuant to this more detailed guidance, "affected taxpayers" eligible for relief include individuals who live, and businesses whose principal place of business is located, in the specified covered disaster area; taxpayers not in the covered disaster area but whose records necessary to meet certain deadlines are in the covered disaster area; relief workers affiliated with a recognized government or philanthropic organization assisting in the relief activities in the covered disaster area; and any individual visiting the covered disaster area who was killed or injured as a result of the disaster.

The guidance that has been prepared for each of the states affected by Hurricane Sandy explains that the IRS is giving all affected taxpayers until February 1, 2013, to file most tax returns, including individual, corporate, and estate and trust income tax returns; partnership, S corporation, and trust returns; estate, gift, and generation-skipping transfer tax returns; and employment and certain excise tax returns. In addition, affected taxpayers are given until February 1, 2013, to make tax payments, including estimated tax payments, that have either an original or an extended due date occurring on or after October 27, 2012, and on or before February 1, 2013.

Pursuant to this guidance, for example, any business whose principal place of business is located in one of the areas designated by FEMA as a federally declared disaster area in the aftermath of Hurricane Sandy that otherwise would be required to make a payment of estimated income tax on December 15 is not required to remit the installment until February 1, 2013.

Let's talk

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