IRS Providing Some Tax Relief for Disaster Victims

October 16, 2017 - It hasn't been a good year for disaster victims. The American Territories of Puerto Rico and the Virgin Islands were nearly wiped out by hurricanes Irma and Maria. On the mainland of the United States, hurricanes Harvey and Maria wreaked havoc in Texas, Florida and portions of Georgia. Then of course, there is the ongoing situation of wildfires in California. Earlier in the year, there was severe flooding in portions of West Virginia. Other states that have experienced presidentially declared disasters this year include North Dakota, Michigan, Missouri, Arkansas, Louisiana and Mississippi. If you live in and affected area in one of these states, there is a good chance that you are eligible for some tax relief from the IRS and possibly from your own state.

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Most people don't think of the IRS as being any too benevolent. But in the case of disasters they can actually quite understand. It is fairly common for them to extend tax filing deadlines for both individuals and businesses. They may also agree to waive any penalties for victims of disaster.

As with most federal agencies, the IRS has gone online in a big way. That's not necessarily good if you are trying to get in touch with a real person to discuss your situation, but it can make it a lot easier for victims when they are attempting to find out if there is any relief available to them. In the case of natural disasters, the agency maintains a page dedicated to providing information on special relief that may be available. You can find it at https://www.irs.gov/newsroom/tax-relief-in-disaster-situations.

In most cases, the agency grants relief in the form of extending tax filing deadlines on a county by county basis. While that may not sound like it is important, it can be. For instance in the case of the 1994 earthquake in Northridge, CA, the IRS extended tax filing deadlines and allowed victims of the quake (which occurred on January 17th) to take deductions for their losses on their 1993 taxes. This allowed some people to get much larger tax returns right away rather than having to wait an additional year to recover their losses.

It is also important to know that your state and local governments may offer programs similar to those of the IRS. To find out, check with your state revenue agency.

As always, we recommend that victims of any disaster start contacting their creditors as soon as possible to explain their circumstances. In most cases, creditors will be happy to extend payment deadlines and help to protect your credit rating during the time that you work with your insurance carrier to make yourself whole again. This is extremely important for

anyone who believes they will need access to credit at any time during the recovery process.
byJim Malmberg
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