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After the storm...IRS offers tax extensions

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This past decade has seen catastrophic events from terrorist actions to hurricanes, tornados, and wildfires. Those left with the aftermath of recent flooding still have much to worry about. These tragedies have caused the government to recognize the inability of some taxpayers to adhere to certain tax deadlines.

Under Revenue Procedure 2007-56, individuals who reside or have a business in a Presidentially-declared disaster county are given automatic postponements of "time sensitive" tax filing acts. Section 17 allows the 45/180-day periods in Forward and Reverse Exchanges to be postponed 120 days or to the last day of the general disaster extension period authorized by an IRS news release.

To qualify, the relinquished property must have been transferred on or before the declared disaster; and the exchanger must be an "affected taxpayer" or have difficulty meeting deadlines. Here is how you may have been effected by the disaster:

1. The relinquished or replacement property is in the covered disaster area; Taxpayers may qualify for extensions if their residence is in the covered area, yet their exchange property is not;
2. The principal place of business of any party to the transaction is in the disaster area (i.e. intermediaries, exchange accommodation titleholders, settlement agents, lenders, title insurers);
3. A party to the transaction is killed, injured or missing;
4. Documents relating to the exchange or transactions are destroyed, damaged or lost;
5. The lender will not fund; or
6. Title, hazard, flood or other such insurance is now not available for that property.

Disaster declarations are issued more frequently than one may think - less publicized, yet equally devastating local events, have been granted extensions. Individuals may contact us for the latest disaster relief notices and county updates.

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