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Disaster relief: Qualifying for tax extensions

November 29, 2012 - Front Section

With the one-two punch of Hurricane Sandy and a strong Nor'easter, once again a significant part of the country finds itself in the aftermath of a natural disaster. Many in New England have friends and family in NY/NJ area, and should pass along that the government allows disaster victims to apply for tax deadline relief.

Following such catastrophes, the IRS will issue a Tax Relief Notice identifying counties by state which have been declared disaster areas. Some taxpayers will receive automatic tax relief and others must request it.

Under Rev. Proc. 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. The 45/180-day periods in exchanges can be postponed 120 days or to the last day of the general disaster extension period authorized by official IRS Tax Relief Notice.

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 due to one of the following reasons:

- 1 - The relinquished or replacement property is in the 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. QIs, titleholders, settlement agents, lenders, insurers);
- 3 - A party to the transaction is killed, injured or missing;
- 4 - Related documents are destroyed, damaged or lost;
- 5 - The lender will not fund; or
- 6 - Title, hazard, flood or related insurance is now unavailable.

Individuals may contact us for direction to the most current Disaster Relief Notices related to Hurricane Sandy.

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