

Editor's Note: Currently, there are a total of 22 counties. On April 17th, FEMA added Walla Walla and Douglas, thus making 22 counties eligible for federal tax relief provisions. The below Q&A was issued to the media on March 22nd, 2001, and at that time there were 16 counties.



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IRS Q & As Regarding Federal Tax Relief for Affected Taxpayers From the Washington State February 28, 2001 Earthquake

1) Who are "Affected Taxpayers"?

"Affected taxpayers" (disaster victims of the Feb. 28, 2001 Washington State Earthquake) in the Presidentially declared disaster areas (covered areas) involving currently sixteen counties are:

- a. Any individual whose principal residence is located in a covered disaster area;
- b. Any business entity or sole proprietor whose principal place of business is located in a covered disaster area;
- c. Any individual who is a relief worker affiliated with a recognized government or philanthropic organization and who is assisting in a covered disaster area;
- d. Any individual whose principal residence, or any business entity or sole proprietor whose principal place of business is not located in a covered disaster area, but whose records necessary to meet a deadline which was extended in the press release pertaining to the special federal tax extensions to earthquake victims dated March 13, 2001 (issued the 13 and 14th of March), are maintained in a covered disaster area;
- e. Any estate or trust that has tax records necessary to meet a deadline which was extended in the press release pertaining to the special federal tax extensions to earthquake victims dated March 13, 2001, and that are maintained in a covered disaster area;
- f. The spouse of an affected taxpayer, solely with regard to a joint return of the husband and wife;
- g. Any other person determined by the IRS to be affected by a Presidentially declared disaster.

2) How do taxpayers designate their form or return as from a designated Presidentially declared disaster area?

Forms and returns must have in **RED** at the top margin, "**WASHINGTON STATE EARTHQUAKE**", for identification during processing.

- 3) Is this an extension of time for affected taxpayers in the designated counties declared a Presidential disaster area to pay as well as to file?

All payments due on or after February 28, 2001, and before April 30, 2001, are extended to April 30, 2001, as authorized by **IRC Sections 6081 and 6161**, including the payment of estimated tax. Please note, however, that IRS cannot extend the time to make deposits of taxes pursuant to I.R.C. Section 6302. The major deposit included in Section 6302 is the deposit of social security taxes and withheld income taxes. The due date to make these deposits are not extended. Also included under Section 6302 are the payment of manufacturers' excise tax on sporting goods, the deposit of taxes on communications services and airline tickets, certain excise taxes, and taxes on ozone depleting chemicals.

Also note that the IRS cannot extend the due date for paying taxes that it does not administer. These taxes include firearms tax, harbor maintenance tax, and alcohol and tobacco taxes.

4. Is interest applied for Federal Income Tax returns (corporate and individual) with the extension to April 30th?

Affected taxpayers from the Washington earthquake who choose to use the extension and file between April 17 and April 30, and pay any monies owed, are to write in **RED** at the top margin of any form or return, **WASHINGTON STATE EARTHQUAKE**, so as not to incur a penalty or interest for filing between April 17 and April 30, 2001. (IRC Section 6404(h))

5. Does this extension also apply to partnerships located in one of the designated counties, whose 1065 would otherwise be due on 4/16/01?

Yes, this extension does apply to partnership returns.

6. For estimated tax payments on Form 1040ES for the year 2001, the deadline for the first payment is 4/16/01. Does the extension apply to the first quarter payment?

Yes, the extension applies to estimated payments for the first quarter.

7. If an "affected taxpayer" wishes an extension past April 30, 2001, what is the deadline for filing Form 4868?

The deadline would be April 30th, 2001, which would give a four-month extension to August 30, 2001. The Form 4868, Application for Automatic Extension for Filing U.S. Individual Income Tax Return, must have in **RED** at the top of the form **WASHINGTON STATE EARTHQUAKE**.

8. How can I find out the designated counties that have been declared Presidential disaster areas?

Taxpayers can call FEMA (Federal Emergency Management Agency) at 1-800-462-9029.

9. Is this special extension of time for filing and paying for affected taxpayers whose Federal Tax returns were due on February 28, 2001, and before April 30, 2001, also applicable for IRAs, SEP or Keogh plan contributions?

There is no extension of time to make an IRA contribution. The deadline for contributions for year 2000 remains April 16, 2001. The deadline, however, for SEP or KEOGH plan year 2000 contributions is the return due date including extensions thereof. IRC Section 404(a)(6) and 404(h)(1)(B). Therefore, the deadline for contributions to SEP or KEOGH plans is extended to April 30, 2001.

10. What if I receive a notice for late filing and/or payment because I filed between April 17, and April 30, 2001?

For abatement, call the IRS 1-800-829-1040 number, and, for problems not fixed through normal channels, call the Taxpayer Advocate at 1-877-777-4778.

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