

# Tax Relief for Victims of Severe Storms and Flooding in South Carolina

*Updated Oct. 8, 2015, to include Calhoun, Darlington, Florence, Kershaw and Lee counties.*

SC-2015-71, October 7, 2015

Greensboro — Victims of the severe storms and flooding that took place beginning on October 1, 2015 in parts of South Carolina may qualify for tax relief from the Internal Revenue Service.

Following the recent disaster declaration for individual assistance issued by the Federal Emergency Management Agency, the IRS announced today that affected taxpayers in South Carolina will receive tax relief.

The President has declared Berkeley, Calhoun, Charleston, Clarendon, Darlington, Dorchester, Florence, Georgetown, Horry, Kershaw, Lee, Lexington, Orangeburg, Richland, Sumter and Williamsburg counties a federal disaster area. Individuals who reside or have a business in these counties may qualify for tax relief.

The declaration permits the IRS to postpone certain deadlines for taxpayers who reside or have a business in the disaster area. For instance, certain deadlines falling on or after Oct. 1, and on or before February 16, 2016 have been postponed to February 16, 2016. This includes the Oct. 15 deadline for those who received an extension to file their 2014 return.

In addition, the IRS is waiving the failure-to-deposit penalties for employment and excise tax deposits due on or after Oct. 1, as long as the deposits were made by Oct. 16, 2015.

If an affected taxpayer receives a penalty notice from the IRS, the taxpayer should call the telephone number on the notice to have the IRS abate any interest and any late filing or late payment penalties that would otherwise apply. Penalties or interest will be abated only for taxpayers who have an original or extended filing, payment or deposit due date, including an extended filing or payment due date, that falls within the postponement period.

The IRS automatically identifies taxpayers located in the covered disaster area and applies automatic filing and payment relief. But affected taxpayers who reside or have a business located outside the covered disaster area must call the IRS disaster hotline at 866-562-5227 to request this tax relief.

## **Covered Disaster Area**

The counties listed above constitute a covered disaster area for purposes of Treas. Reg. § 301.7508A-1(d)(2) and are entitled to the relief detailed below.

## **Affected Taxpayers**

Taxpayers considered to be affected taxpayers eligible for the postponement of time to file returns, pay taxes and perform other time-sensitive acts are those taxpayers listed in Treas. Reg. § 301.7508A-1(d)(1), and include individuals who live, and businesses whose principal place of business is located, in the covered disaster area. Taxpayers not in the covered disaster area, but whose records necessary to meet a deadline listed in Treas. Reg. § 301.7508A-1(c) are in the covered disaster area, are also entitled to relief. In addition, all 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 that was killed or injured as a result of the disaster are entitled to relief.

## **Grant of Relief**

Under section 7508A, the IRS gives affected taxpayers until Feb. 16, 2016 to file most tax returns (including individual, corporate, and estate and trust income tax returns; partnership returns, S corporation returns, and trust returns; estate, gift, and generation-skipping transfer tax returns; and employment and certain excise tax returns), or to make tax payments, including estimated tax payments, that have either an original or extended due date occurring on or after Oct. 1 and on or before Feb. 16, 2016.

The IRS also gives affected taxpayers until Feb. 16, 2016 to perform other time-sensitive actions described in Treas. Reg. § 301.7508A-1(c)(1) and Rev. Proc. 2007-56, 2007-34 I.R.B. 388 (Aug. 20, 2007), that are due to be performed on or after Oct. 1 and on or before Feb. 16, 2016.

This relief also includes the filing of Form 5500 series returns, in the manner described in section 8 of Rev. Proc. 2007-56. The relief described in section 17 of Rev. Proc. 2007-56, pertaining to like-kind exchanges of property, also applies to certain taxpayers who are not otherwise affected taxpayers and may include acts required to be performed before or after the period above.

The postponement of time to file and pay does not apply to information returns in the W-2, 1098, 1099 series, or to Forms 1042-S or 8027. Penalties for failure to timely file information returns can be waived under existing procedures for reasonable cause. Likewise, the postponement does not apply to employment and excise tax deposits. The IRS, however, will abate penalties for failure to make timely employment and excise tax deposits due on or after Oct. 1, and on or before Oct. 16 provided the taxpayer made these deposits by Oct. 16, 2015.

## **Casualty Losses**

Affected taxpayers in a federally declared disaster area have the option of claiming disaster-related casualty losses on their federal income tax return for either this year or last year. Claiming the loss on an original or amended return for last year will get the taxpayer an earlier refund, but waiting to claim the loss on this year's return could result in a greater tax saving, depending on other income factors.

Individuals may deduct personal property losses that are not covered by insurance or other reimbursements. For details, see [Form 4684](#) and its [instructions](#).

Affected taxpayers claiming the disaster loss on last year's return should put the Disaster Designation "South Carolina, Severe Storms and Flooding" at the top of the form so that the IRS can expedite the processing of the refund.

## **Other Relief**

The IRS will waive the usual fees and expedite requests for copies of previously filed tax returns for affected taxpayers. Taxpayers should put the assigned Disaster Designation "Severe Storms and Flooding in South Carolina" in red ink at the top of [Form 4506](#), Request for Copy of Tax Return, or [Form 4506-T](#), Request for Transcript of Tax Return, as appropriate, and submit it to the IRS.

Affected taxpayers who are contacted by the IRS on a collection or examination matter should explain how the disaster impacts them so that the IRS can provide appropriate consideration to their case.

Taxpayers may download forms and publications from the official IRS website, [irs.gov](http://irs.gov), or order them by calling 800-829-3676. The IRS toll-free number for general tax questions is 800-829-1040.