

Part III - Administrative, Procedural, and Miscellaneous

Expanded Hurricane Katrina Relief for Certain Individual Taxpayers

Notice 2006-56

PURPOSE

This Notice supplements and modifies Notice 2006-20, 2006-10 I.R.B. 560 (March 6, 2006), which, under the authority of section 7508A of the Internal Revenue Code, postponed until August 28, 2006, deadlines for certain taxpayers affected by Hurricane Katrina to perform the acts described in Notice 2005-73, 2005-42 I.R.B. 723 (October 17, 2005) (e.g., filing returns and other documents, payment of taxes). It has come to the IRS's attention that some affected taxpayers need additional time to complete and file individual income tax returns for 2004 and 2005. This Notice provides an additional postponement of time in order for certain individual taxpayers affected by Hurricane Katrina to file a 2004 or 2005 income tax return. Specifically, this Notice provides an additional postponement of time until October 16, 2006, for affected taxpayers, as described in Notice 2006-20, with respect to the following individual income tax returns: (1) 2004 individual income tax returns, originally due on April 15, 2005, for which taxpayers obtained an extension of time to file until October 15, 2005, under section 6081, and for which Notice 2006-20 postponed the due date to August 28, 2006; and (2) 2005 individual income tax returns, originally due on April 15, 2006,

for which Notice 2006-20 postponed the due date to August 28, 2006. Thus, this Notice defines a new group of affected taxpayers, which is a subset of affected taxpayers as described in Notice 2006-20, who are eligible for the relief provided by this Notice.

Extension of the Postponement Period for Certain Individual Taxpayers to File Returns

1. Due date for 2004 individual income tax returns, which was extended to October 15, 2005, and postponed to August 28, 2006

Section 7508A authorizes the IRS to postpone deadlines for certain time-sensitive acts for up to one year for taxpayers the IRS determines are affected by a Presidentially-declared disaster. In Notice 2006-20, for affected taxpayers who had already obtained an extension of time to file a 2004 individual income tax return, the IRS postponed the due date of that return from October 15, 2005, to August 28, 2006. Thus, such affected taxpayers have not yet received the maximum one-year postponement that may be permitted under section 7508A. The IRS has determined that certain individual affected taxpayers, as described in Notice 2006-20, may be eligible for additional time to file. Thus, individual taxpayers affected by Hurricane Katrina, who obtained an extension of time to file their 2004 individual income tax returns until October 15, 2005, and who received a postponement until August 28, 2006, are granted a further postponement until October 16, 2006, to file their 2004 individual income tax return. See I.R.C. § 7503.

Under this Notice, these affected taxpayers will receive an entire year of section 7508A relief from filing deadlines for 2004 individual income tax returns that had an extended due date of October 15, 2005. Under Notice 2006-20, however, these

affected taxpayers already received an entire year of relief from interest and failure to pay penalties for any payment due for the 2004 tax year. Such a payment would otherwise have been due on April 15, 2005. Interest and failure to pay penalties would accrue from April 15, 2005, until August 28, 2005, but were suspended by Notice 2006-20 from August 29, 2005, through August 28, 2006, the maximum one year allowed by section 7508A. Thus, although the IRS can postpone the time to file the 2004 individual income tax return until October 15, 2006 for affected taxpayers who had already obtained an extension of time to file the 2004 individual income tax return until October 15, 2005, section 7508A does not authorize the IRS to grant an additional period of relief with respect to interest and failure to pay penalties for the 2004 tax year. If a taxpayer is unable to make a payment by August 28, 2006, for the 2004 tax year, the taxpayer can request that the IRS grant relief from the penalty if the failure to pay is due to reasonable cause and not due to willful neglect. The waiver of the penalty would be based on the standards of section 6651.

2. Due date for 2005 individual income tax returns, originally due on April 15, 2006, which was postponed to August 28, 2006

Affected taxpayers, as described in Notice 2006-20, received a postponement of time under section 7508A from April 15, 2006, to August 28, 2006, to file their 2005 individual income tax returns. Thus, these affected taxpayers have not yet received the maximum one-year postponement that may be permitted under section 7508A to file their 2005 individual income tax returns. The IRS has determined that affected taxpayers, as described in Notice 2006-20, are granted a further postponement under section 7508A,

to October 16, 2006, to file their 2005 individual income tax returns. Under section 7508A, interest and penalties will not accrue during the period. For affected taxpayers who also request an extension under section 6081 or 6161 on or before October 16, 2006, the period of time to file and/or pay may be postponed until April 15, 2007.

Identifying Affected Taxpayers under this Notice

In order to assist the IRS in identifying affected taxpayers as described in this Notice, to ensure that they receive the relief to which they are entitled, affected taxpayers should mark "Hurricane Katrina" in red ink on the top of their returns. In addition, affected taxpayers may identify themselves as eligible for relief by calling the IRS Disaster Hotline at (866) 562-5227.

DRAFTING INFORMATION

The principal author of this Notice is Dillon Taylor of the Office of Associate Chief Counsel, Procedure and Administration (Administrative Provisions and Judicial Practice Division). For further information regarding this Notice, you may call (202) 622-4940 (not a toll-free call).