

Part III - Administrative, Procedural, and Miscellaneous

Notice 2005-66

PURPOSE

This notice under section 7508A postpones the deadlines for certain acts performed by the Internal Revenue Service (IRS) with respect to certain taxpayers affected by Hurricane Katrina. In response to Hurricane Katrina, the President issued four federal disaster declarations on August 28, 2005 and August 29, 2005, covering certain areas in Alabama, Mississippi, Louisiana, and Florida. The areas identified in the declarations each constitute a "covered disaster area" within the meaning of section 301.7508A-1(d)(2) of the Procedure and Administration Regulations.

The August 28, 2005 declaration for Florida covers the following three counties designated for relief: Monroe, Broward, and Miami-Dade. The August 29, 2005 declaration for Alabama covers the following six counties designated for relief: Baldwin, Clarke, Choctaw, Mobile, Sumter, and Washington Counties.

The August 29, 2005 declaration for Mississippi covers the following fifty-two counties designated for relief: Adams, Amite, Attala, Chickasaw, Choctaw, Claiborne, Clarke, Clay, Copiah, Covington, Forrest, Franklin, George, Greene, Hancock, Harrison, Hinds, Itawamba, Jackson, Jasper, Jefferson, Jefferson Davis, Jones, Kemper, Lamar,

Lauderdale, Lawrence, Leake, Lee, Lincoln, Lowndes, Madison, Marion, Monroe, Neshoba, Newton, Noxubee, Oktibbeha, Pearl River, Perry, Pike, Rankin, Scott, Simpson, Smith, Stone, Walthall, Warren, Wayne, Webster, Wilkinson, and Winston.

The August 29, 2005 declaration for Louisiana covers the following sixty-four parishes designated for relief: Acadia, Allen, Ascension, Assumption, Avoyelles, Calcasieu, Cameron, East Baton Rouge, Beauregard, Bienville, Bossier, Caddo, Caldwell, Catahoula, Claiborne, Concordia, Desoto, East Carroll, East Feliciana, Evangeline, Franklin, Grant, Iberia, Iberville, Jackson, Jefferson, Jefferson Davis, Lafayette, Lafourche, LaSalle, Lincoln, Livingston, Madison, Morehouse, Natchitoches, Orleans, Ouachita, Pointe Coupee, Plaquemines, Rapides, Red River, Richland, Sabine, St. Bernard, St. Charles, St. Helena, St. James, St. John, St. Landry, St. Mary, St. Martin, St. Tammany, Tangipahoa, Tensas, Terrebonne, Union, Vermilion, Vernon, Washington, Webster, West Baton Rouge, West Carroll, West Feliciana, and Winn.

By news releases issued on August 30, 2005, September 2, 2005, and September 8, 2005, the Internal Revenue Service granted relief for taxpayers affected by Hurricane Katrina. See IR-2005-84, IR-2005-91, and IR-2005-96. The news releases provided that taxpayers affected by the disaster will have until January 3, 2006, to file tax returns and submit payments. In addition, the news releases announced that the IRS will abate interest and any late filing or late payment penalties that otherwise would apply. This relief includes the September 15, 2005 due date for estimated taxes and for calendar-year corporate returns with automatic extensions.

BACKGROUND

Section 7508A provides the Secretary with authority to postpone the time for performing certain acts under the internal revenue laws for a taxpayer affected by a Presidentially declared disaster as defined in section 1033(h)(3). Pursuant to section 7508A(a), a period of up to one year may be disregarded in determining whether the performance of certain acts is timely under the internal revenue laws. Section 7508A(a)(1) includes the acts listed in section 7508(a) as those that may be postponed. See also § 301.7508A-1(c)(1). Section 7508(a) and § 301.7508A-1(c)(1) include a number of acts performed by taxpayers for which section 7508A relief may apply. These include, but are not limited to: the filing of certain tax returns; the payment of certain taxes; the filing of a Tax Court petition; the filing of a claim for credit or refund of tax; and the bringing of a lawsuit upon a claim for credit or refund of tax.

Section 301.7508A-1(d)(1) describes several types of "affected taxpayers" eligible for relief under section 7508A. These taxpayers include any individual whose principal residence, and any business entity whose principal place of business, is located in the covered disaster area; any individual who is a relief worker affiliated with a recognized government or philanthropic organization and who is assisting in the covered disaster area; any individual whose principal residence, and any business entity whose principal place of business, is not located in the covered disaster area, but whose records necessary to meet a filing or paying deadline are maintained in the covered disaster area; any estate or trust that has tax records necessary to meet a filing or paying deadline in a covered disaster area; any spouse of an affected taxpayer, solely with regard to a joint return of the husband and wife; and any other person

determined by the IRS to be affected by a Presidentially declared disaster.

ACTS PERFORMED BY THE GOVERNMENT

In News Release IR-2005-84, News Release IR-2005-91, and News Release IR-2005-96, the IRS granted affected taxpayers additional time until January 3, 2006, to file tax returns, to submit tax payments, and to perform certain time-sensitive acts listed in § 301.7508A-1(c)(1) and in Rev. Proc. 2005-27, 2005-20 I.R.B. 1050 (May 16, 2005). In consideration of the additional time that affected taxpayers have been granted to perform certain acts, this Notice extends the period for the government to take certain actions. Under the authority of section 7508A(a)(1) and § 301.7508A-1(c)(2), for affected taxpayers covered by the news releases, a postponement until January 3, 2006, is provided under section 7508A for the following government acts if the last date for performance of the act is on or after September 6, 2005, and on or before January 3, 2006: making an assessment of any tax; issuing a statutory notice of deficiency; allowing a credit or refund of any tax; collecting by the Secretary, by levy or otherwise, the amount of any liability in respect of any tax; bringing suit by the United States, or any office on its behalf, in respect of any tax liability; returning property under section 6343; and the discharge of an executor from personal liability for a decedent's taxes under section 6905.

Documents maintained by the IRS within the covered disaster area may have been lost or destroyed as a result of Hurricane Katrina, or remain in buildings that are inaccessible. The destruction, loss or inaccessibility of these documents will materially interfere with the IRS's ability to timely administer the internal revenue laws with respect

to certain taxpayers. The taxpayers to whom these records relate are “affected taxpayers” for the limited purpose of this paragraph. In these cases, a postponement until January 3, 2006, is provided under section 7508A for the following government acts if the last date for performance of the act is on or after September 6, 2005, and on or before January 3, 2006: making an assessment of any tax; issuing a statutory notice of deficiency; allowing a credit or refund of any tax; collecting by the Secretary, by levy or otherwise, the amount of any liability in respect of any tax; bringing suit by the United States, or any office on its behalf, in respect of any tax liability; returning property under section 6343; and the discharge of an executor from personal liability for a decedent's taxes under section 6905. The IRS will notify as soon as practicable any affected taxpayers, as defined under this paragraph, of the government act or acts that will be postponed.

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)