



GMS Flash Alert



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United States – Tax Filing and FBAR Due Date Relief for Hurricane Irma Victims

The U.S. Internal Revenue Service (IRS) and Financial Crimes Enforcement Network (FinCEN) have granted significant extensions for victims of Hurricane Irma in parts of Florida, Puerto Rico, and the U.S. Virgin Islands.

On September 12, 2017, the IRS announced that Hurricane Irma victims in parts of Florida and elsewhere have until January 31, 2018, to file certain individual and business tax returns and make certain payments.¹ The tax relief postpones various tax filing and payment deadlines that occurred starting on September 4, 2017 in Florida and September 5, 2017 in Puerto Rico and the U.S. Virgin Islands.

Similarly, FinCEN announced September 12, 2017, that Hurricane Irma victims in parts of Florida, Puerto Rico, and the U.S. Virgin Islands have until January 31, 2018 to file their Report of Foreign Bank and Financial Accounts (FBAR) for the 2016 calendar year.² The FBAR for calendar year 2016 would otherwise be due October 16, 2017.

WHY THIS MATTERS

Individuals who have been granted an extension of time to file have an obligation to file their U.S. federal income tax returns by October 16, 2017. Individuals required to file the FBAR must also file their report by this date. In addition, due dates for estimated payments and certain tax-related deadlines for businesses are fast approaching. Relief from these obligations is welcome as affected individuals and businesses begin the slow process of recovering from the destruction caused by the severe storms and flooding.

International assignment program managers may have assignees (outbound or inbound) who were located in the affected counties or had property or tax-related documents in those counties. These program managers and, where appropriate, their tax service providers, may wish to identify individuals in their assignment population who are affected by Hurricane Irma and may therefore be covered by the relief, and communicate the relief available to them and any next steps for them to consider.

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Individual Taxpayers

Income Tax Filing and Estimated Payments

The due date for individuals to file and pay their 2016 U.S. federal income taxes was April 18, 2017. However, taxpayers could request an extension of time to file individual income tax returns until October 16, 2017. The due date for affected individuals who obtained an extension of time to file until October 16, 2017 is now extended to January 31, 2018. The extension of time to file does not apply to the payment of tax due. Interest is charged on tax payments made after April 15 and late payment penalties may be assessed.

The deadline for making quarterly estimated tax payments originally due on September 15, 2017 and January 16, 2018 also is extended to January 31, 2018.

FBAR

The due date for all 2016 FBARs was automatically extended until October 16, 2017.³

Under the recently announced relief, affected individuals who received a filing extension until October 16, 2017, will have until January 31, 2018 to file their 2016 FBAR.

Casualty Losses

It should be noted that taxpayers who suffer uninsured or unreimbursed disaster-related losses can choose to claim them on either the tax return for the year in which the loss occurred (in this case, 2017), or the return for the prior year (2016), which would have the effect of accelerating the financial relief associated with the claim for the loss.⁴

Businesses

A number of business tax deadlines are also affected including the October 31 deadline for quarterly payroll and excise tax returns. The IRS is waiving late-deposit penalties for federal payroll and excise tax deposits normally due during the first 15 days of the disaster period. As a result, late-deposit penalties will not be due for payroll and excise tax returns due September 4 through 19, 2017 for Florida, and September 5 through September 20, 2017 for Puerto Rico and the U.S. Virgin Islands, if the deposits are made by September 19, 2017 or September 20, 2017, respectively.

Similar to the relief granted to individual taxpayers, the deadline for quarterly estimated payments due on September 15, 2017 and January 16, 2018, is extended to January 31, 2018. The IRS disaster relief page⁵ has details on other returns, payments and tax-related actions qualifying for additional time.

Affected Counties and Populations

The IRS automatically provides filing and penalty relief to taxpayers with an IRS address of record located in the disaster area. Currently, individuals and businesses in the following Florida counties are eligible for relief: Brevard, Broward, Charlotte, Clay, Collier, Duval, Flagler, Hillsborough, Lee, Manatee, Miami-Dade, Monroe, Orange, Palm Beach, Pasco, Pinellas, Polk, Putnam, Sarasota, St. Johns, and St. Lucie. Any locations added to the list at a later date will automatically receive filing and payment relief.⁶

Currently, individuals and businesses in the following Puerto Rico municipalities are eligible for relief: Culebra, Vieques, Canóvanas, and Loíza, as well as individuals and businesses in the following U.S. Virgin Islands: St. John and St. Thomas.

Taxpayers not in the covered disaster area, but whose records are in the covered disaster area and are necessary to meet a deadline covered by the announcements, 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 who was killed or injured as a result of the disaster are entitled to relief.

Affected taxpayers who reside or have a business located outside the covered disaster area must call the IRS disaster hotline at 1-866-562-5227 to request this tax relief.

KPMG NOTE

The catastrophic consequences of Hurricane Irma and Hurricane Harvey in Texas may have a “down-stream” economic effect on global mobility programs and their administrators. Given the now extended due dates of the tax returns, the related tax equalizations and reconciliations will also be delayed, possibly pushing payments and reimbursements into different budget years. Additionally, affected employees and their families may require additional assistance with respect to housing, transportation, medical expenses, etc., that were not originally included in the estimated costs of the assignment. Finally, employees may need assistance reconstructing records, including such documents as bills of lading from their move to the affected location, which may be required to make a casualty loss claim.

FOOTNOTES:

- 1 See [IR-2017-150](#) (September 12, 2017). Also see [VI-2017-01](#) (September 8, 2017).
- 2 See [FinCEN Notice](#) dated September 12, 2017.
- 3 For prior coverage of the FBAR due dates, see the following issues of *GMS Flash Alert*: [2017-136](#) (September 15, 2017) and [2016-150](#) (December 21, 2016).
- 4 See IRS [Publication 547](#) for details.
- 5 See the IRS Web page “[Tax Relief in Disaster Situations](#)”.
- 6 To stay up-to-date on relief announced by the IRS for the victims of disasters, see the IRS Web page “[Tax Relief in Disaster Situations](#).”

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The above information is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230 as the content of this document is issued for general informational purposes only.

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