TIMELY ISSUANCE OF IRS DISASTER RELIEF: H.R. 3574 / S. 2748, THE FILING RELIEF FOR NATURAL DISASTERS ACT

In the House: To cosponsor H.R.3574, contact Caitlin Kovalkoski in Rep. Chu’s office at Caitlin.Kovalkoski@mail.house.gov or Tristan Southard in Rep. Katko’s office at Tristan.Southard@mail.house.gov.

In the Senate: To cosponsor S. 2748, contact Bridget Kelleher in Sen. Cortez Masto’s office at Bridget_Kelleher@cortezmasto.senate.gov or Jennifer Newman in Sen. Kennedy’s office at Jennifer_Newman@kennedy.senate.gov.

Background

Every year, CPAs and their clients are affected by natural disasters such as wildfires, coastal storms, floods, hurricanes, and tornadoes. During the summer of 2021, extreme heat and wildfires battered the West; Hurricane Ida knocked out power for hundreds of thousands of Louisiana residents; and remnants of that same hurricane generated devastating tornadoes in Maryland and historic flooding in New York and New Jersey. Thousands of people have been displaced from homes and businesses and are unable to access key tax documents. Following disasters like these, administrative relief from the IRS – such as tax deadline filing relief for individuals, businesses, and tax-exempt organizations – often arrives shortly before or after filing deadlines, which can cause taxpayers and tax practitioners unnecessary stress and burden in the days leading up to the issuance of the relief. In many cases, the relief is too late to make a substantial difference.

Issue

Currently, the IRS’s authority to grant deadline extensions, outlined in section 7508A, is limited to taxpayers affected by federally-declared disasters. State governors will issue official disaster declarations promptly, but often presidential disaster declarations by the Federal Emergency Management Agency (FEMA) in those same regions are not declared for days, or sometimes weeks, after the state declaration. This process delays the IRS’s ability to provide federal tax relief to impacted businesses and disaster victims. Since the majority of state-declared disasters become federally-declared disasters, this time lag is particularly distressing. Taxpayers can request waivers of penalties on a case-by-case basis; however, this process causes the taxpayer,
tax preparer, and the IRS to expend valuable time and resources which are already in shortage during times of a disaster.

**How Does This Bill Work?**

*The Filing Relief for Natural Disasters Act* would provide the IRS the authority to postpone federal tax deadlines by reason of state-declared disasters or emergencies. Similar to the IRS’s authority to postpone certain deadlines in the event of a presidentially declared disaster, Congress would extend that limited authority to state-declared disasters and states of emergency. The Governor would declare a disaster or state of emergency and simultaneously submit a written notification to the IRS, specifically including the designated counties. The IRS, upon receipt of notification, would have the authority to grant filing relief to individuals and businesses located in the specified counties.

**The Profession’s Position**

The accounting profession strongly supports this legislation.

**AICPA Staff Contacts**

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