

IRS WILL GIVE PENALTY RELIEF FOR Y2K-RELATED GLITCHES

WASHINGTON -- The Internal Revenue Service announced that it expects to provide guidance next month on penalty relief for taxpayers who took necessary steps to prepare for the date change to the year 2000 (Y2K), but were unable to comply with the tax laws due to Y2K problems beyond their control.

“We recognize that some businesses may be unable to fulfill their tax obligations because of Y2K-related matters beyond their expectations or control,” said IRS Commissioner Charles O. Rossotti. “We expect to issue guidance in December on how we will give penalty relief to these taxpayers.”

The guidance will provide key points about how taxpayers can request relief if the IRS assesses penalties for actions resulting from a Y2K-related computer failure. The taxpayer must have made a good faith effort to become Y2K compliant. When the IRS issues the guidance, it will post it on its Web site at www.irs.gov.

Business owners may find useful hints on Y2K preparations at the Small Business Administration's Web site at www.sba.gov/y2k or by calling (toll-free) 1-800-U-ASK-SBA. The Y2K Help Center at <http://y2khelp.nist.gov/tool.nsf> provides small businesses and firms with free help, as does the President's Council on Year 2000 at www.y2k.gov.

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