

Part III - Administrative, Procedural, and Miscellaneous

Notice 2005-81

PURPOSE

This notice supplements Notice 2005-66, 2005-40 I.R.B. 620 (October 3, 2005), which postponed until January 3, 2006, deadlines for the Internal Revenue Service (IRS) to perform certain acts under section 7508A with respect to certain taxpayers affected by Hurricane Katrina. This Notice (1) expands the definition of “covered disaster area” to include additional counties and parishes that the Federal Emergency Management Agency (FEMA) determined were eligible for federal assistance after the IRS issued Notice 2005-66; (2) extends the deadlines for the IRS to perform certain acts to February 28, 2006, to match the deadlines for affected taxpayers to file, pay, and perform certain acts; (3) expands the definition of affected taxpayer to match the definition of affected taxpayers in Notice 2005-73, 2005-42 I.R.B. 723 (October 17, 2005); and (4) grants the IRS a postponement of time to perform an act not previously identified in Notice 2005-66 – issuing a Notice of Final Partnership Administrative Adjustment (FPAA) under section 6223.

ADDENDA TO NOTICE 2005-66

Covered disaster area

Notice 2005-66 specifically identified those counties and parishes FEMA had designated at that time as eligible for Public Assistance or Public Assistance and Individual Assistance as constituting a "covered disaster area" within the meaning of Treas. Reg. § 301.7508A-1(d)(2). After the IRS issued Notice 2005-66, FEMA designated eight additional counties in Florida, 16 additional counties in Alabama, and 30 additional counties in Mississippi as eligible for Public Assistance or Public Assistance and Individual Assistance. All counties and parishes so designated by FEMA constitute a "covered disaster area" within the meaning of section 301.7508A-1(d)(2). See Appendix to Notice 2005-73 (complete list of counties and parishes designated by FEMA). The postponement of time for the IRS to perform the acts listed in Notice 2005-66, otherwise due on or after September 6, 2005, and on or before February 28, 2006, applies to all the counties and parishes listed in the Appendix to Notice 2005-73, and to counties and parishes that FEMA later designates as eligible for Individual Assistance and/or Public Assistance as a result of the devastation caused by Hurricane Katrina.

Extension of the postponement period

By news releases issued on August 30, 2005, September 2, 2005, September 8, 2005, and September 14, 2005, the IRS granted affected taxpayers until January 3, 2006, to file certain returns, to pay certain taxes, and to perform certain time-sensitive acts listed in section 301.7508A-1(c)(1) and Rev. Proc. 2005-27, 2005-20 I.R.B. 1050. See IR-2005-84; IR-2005-91; IR-2005-96; IR-2005-103. Notice 2005-73 and News

Release IR-2005-109 summarize the relief granted and the definitions of affected taxpayers and covered disaster area.

On September 23, 2005, the President signed the Katrina Emergency Tax Relief Act of 2005, Pub. L. 109-73 (KETRA). Section 403(b) of KETRA provides that in the case of any taxpayer determined by the Secretary of the Treasury to be affected by the Presidentially declared disaster relating to Hurricane Katrina, any relief provided under section 7508A should be for a period ending not earlier than February 28, 2006. By News Release IR-2005-112 of September 28, 2005, the IRS informed affected taxpayers of the postponement of time to February 28, 2006, to file returns, pay taxes, and perform other time-sensitive acts under the tax laws. In consideration of the additional time Congress granted affected taxpayers to file, pay, and perform certain acts, this Notice supplements Notice 2005-66 by extending the period for the IRS to perform certain acts otherwise due on or after September 6, 2005, and on or before February 28, 2006, to February 28, 2006.

Affected taxpayers

Under section 301.7508A-1(d)(1)(vii), the IRS may determine that any other person is affected by a Presidentially-declared disaster and therefore eligible for relief. Accordingly, the IRS has determined that the following persons are also affected by Hurricane Katrina and its aftermath: (1) all workers assisting in the relief activities in the covered disaster area, regardless of whether they are affiliated with recognized government or philanthropic organizations; (2) any individual whose principal residence, and any business entity whose principal place of business, is not located in the covered

disaster area, but whose tax professional/practitioner's office is located in the covered disaster area; and (3) individuals, visiting the covered disaster areas, who were killed or injured as a result of Hurricane Katrina and its aftermath. For purposes of (3) above, the estate of an individual visiting the covered disaster who was killed as a result of the hurricane is also considered to be an affected taxpayer. See Notice 2005-73. Thus, this Notice supplements Notice 2005-66 by extending the period for the IRS to perform certain acts related to affected taxpayers as defined in Notice 2005-73 otherwise due on or after September 6, 2005, and on or before February 28, 2006, to February 28, 2006.

Time for Issuing Notice of Final Partnership Administrative Adjustment

In addition to the acts listed in Notice 2005-66, for affected taxpayers described in Notice 2005-66 (including taxpayers whose 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) and this Notice, a postponement until February 28, 2006, is provided under section 7508A for the IRS to issue an FPAA to the Tax Matters Partner under section 6223 with respect to the tax attributable to the partnership items of partners of any partnership that is an affected taxpayer if the last date for issuance of the FPAA is on or after November 7, 2005, and on or before February 28, 2006.

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).