

Physical Presence of Certain Individuals in the Commonwealth of Puerto Rico or the United States Virgin Islands Under Section 937(a) Following Hurricane Irma or Hurricane Maria

Notice 2017-56

SECTION 1. OVERVIEW

Section 937(a) of the Internal Revenue Code provides that an individual will be considered a “bona fide resident” of a U.S. territory for certain purposes if the individual meets a “presence test” and does not have a “tax home” or “closer connection” to a jurisdiction outside of the U.S. territory. For purposes of the presence test, an individual is considered to be present in a U.S. territory on any day that the individual is outside the relevant territory because the individual leaves or is unable to return to the relevant territory during any 14-day period within which a major disaster occurs in the relevant U.S. territory for which a Federal Emergency Management Agency (“FEMA”) Notice of a Presidential declaration of a major disaster is issued in the Federal Register. Section 1.937-1(c)(3)(i)(C)(1). In response to the unprecedented and catastrophic damage caused by Hurricane Irma and Hurricane Maria to the Commonwealth of Puerto Rico and the United States Virgin Islands (collectively, the “impacted U.S. territories”), FEMA has issued Notices of a Presidential declaration of a major disaster for the impacted

U.S. territories with respect to both hurricanes. See FEMA-4335-DR (issued September 7, 2017); FEMA-4336-DR (issued September 10, 2017); FEMA-4339-DR (issued September 20, 2017); and FEMA-4340-DR (issued September 20, 2017). This Notice provides relief for individuals who may otherwise lose their status as a “bona fide resident” of an impacted U.S. territory under section 937(a) as a result of the unexpected and prolonged dislocation caused by Hurricane Irma and Hurricane Maria, absent an extension of the 14-day period contained in §1.937-1(c)(3)(i)(C)(1).

SECTION 2. RELIEF UNDER THE PRESENCE TEST

With respect to the impacted U.S. territories, for purposes of §1.937-1(c)(3)(i)(C)(1), the 14-day period is extended to 117 days, effective beginning September 6, 2017, and ending December 31, 2017. Further, for this same purpose, an individual who is outside of an impacted U.S. territory on any day during this 117-day period will be treated as leaving or being unable to return to the relevant U.S. territory as a result of Hurricane Irma and Hurricane Maria on such day.

SECTION 3. DRAFTING INFORMATION

The principal author of this notice is Alan S. Williams of the Office of Associate Chief Counsel (International). For further information regarding this Notice, contact Mr. Williams at (202) 317-6941 (not a toll free call).