

# IRS Resource Guide – FAQs and Links to IRS.gov

## Disaster Assistance and Emergency Relief Program

*This document is intended to help congressional staff find publicly available information. The document itself is not official guidance. However, it does provide hyperlinks to [www.irs.gov](http://www.irs.gov), where official IRS guidance is posted.*

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## Disaster or Emergency

### 1. How is an event designated a federally declared disaster or emergency?

Disaster/emergency response is integrated across all levels of government. When an event occurs, local agencies are the first responders. Depending on scope, local officials may ask for state assistance. In turn, a state governor may ask for federal assistance (a federal disaster declaration).

If a governor chooses to ask for federal assistance, the Federal Emergency Management Agency, in coordination with state and local government, will make an assessment, help identify the disaster area and recommend the type(s) of federal assistance needed.

If the president approves a request for federal disaster declaration, the Robert T. Stafford Disaster Relief and Emergency Act is invoked. The declaration will identify the disaster area and type(s) of assistance authorized. Types of assistance under the Stafford Act include:

- Public Assistance – Assistance and resources for state and local governments. And,
- Individual Assistance – Assistance and resources for individuals and businesses located in the identified disaster area.

Federal disaster declarations can be amended to expand the identified disaster area and/or scope of federal assistance.

**Key Point:** The IRS plays no role in the above process.

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#### **2. What is the IRS's role in a federally declared disaster or emergency?**

Under the Stafford Act, the IRS Disaster Assistance and Emergency Relief Program provides administrative tax relief to taxpayers and tax practitioners affected by a federally declared disaster in areas FEMA identifies for its Individual Assistance to Households and Families Program.

Authorized tax relief and other assistance the IRS may provide includes;

- Extending tax return filing deadlines
- Extending tax payment deadlines
- Waiving penalty and interest charges normally applied to late filing and payment
- Providing free copies of tax return transcripts
  - Tax return records are often needed to claim benefits, file insurance claims, replace lost financial records, etc.
- Expediting amended tax returns claiming a casualty loss and refund resulting from the disaster

For information on casualty losses and how to claim them see IRS Publication 547, Casualties, Disasters, and Thefts.

When a federal disaster declaration authorizing individual assistance is issued the IRS will:

- Identify all taxpayers whose address of record with the IRS is within the designated disaster area.
- Put a special code on all the above taxpayer accounts to systemically identify and apply tax relief to eligible taxpayers.
- Distribute an internal disaster relief memo so all employees are aware and able to assist taxpayers.
- Issue a public news release detailing the disaster area, affected taxpayers, the extent and duration of tax relief being provided and including links to other resources and information.

News releases are posted on IRS.gov at [IRS.gov/newsroom/tax-relief-in-disaster-situations](https://www.irs.gov/newsroom/tax-relief-in-disaster-situations).

To get IRS news releases as they are issued, subscribe to IRS [Newswire](#) and follow IRS on [Twitter](#). For info on the go, download the IRS2Go mobile app.

#### **3. What if a taxpayer lives in a disaster area, but the taxpayer's IRS address of record is not current?**

Taxpayers who qualify for relief but whose address of record may not be up-to-date can call the IRS Disaster Assistance Hotline at 866-562-5227 and self-identify for the relief. Our telephone assistor will manually code their account.

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#### **4. What if the taxpayer's accountant is in a federally declared disaster area and the taxpayer's records were affected by the disaster?**

If the accountant has the taxpayer's records needed for the taxpayer to meet a tax deadline within the disaster relief period, then the taxpayer is considered an affected taxpayer and can self-identify by calling the Disaster Assistance Hotline at 866-562-5227. The taxpayer can also write to the IRS to request disaster relief, with an explanation of why they are an affected taxpayer.

#### **5. Are relief workers entitled to the same administrative tax relief provided to taxpayers residing in the disaster area?**

Yes. Relief workers affiliated with a recognized government or philanthropic organization that provides relief services in the covered disaster area are entitled to administrative tax relief. They may contact the IRS at 866-562-5227 and self-identify for the relief.

## Disaster Declarations

#### **6. What is the difference between individual assistance and public assistance?**

Individual assistance is available for individuals and businesses in need of temporary housing, unemployment payments, housing repairs, medical assistance and similar types of benefits.

Public assistance is available to state and local governments for the repair or replacement of disaster-damaged public facilities. The Public Assistance Grant Program provides grants to state and local governments and certain private nonprofit agencies to respond to disasters, recover from their effects and to mitigate damage from future disasters.

#### **7. Where can I find a copy of the Disaster Declaration?**

Disaster Declarations are on FEMA's website at <http://www.fema.gov/news/disasters.fema>.

#### **8. What if FEMA adds counties for Individual Assistance to an existing declaration?**

FEMA will update the disaster declaration at <http://www.fema.gov/news/disasters.fema> and the IRS will adjust its programming efforts and post news releases to include the additional counties. The relief is always retroactive to the event date.

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## Disaster Recovery Centers

### **9. What is a Disaster Recovery Center (DRC) and what services do they provide?**

A Disaster Recovery Center is a readily accessible facility or mobile office where applicants can get information about FEMA or other disaster assistance programs, or where they can get answers to questions related to their individual case. Some of the services that a DRC may provide include:

- Guidance regarding disaster recovery,
- Clarification of any written correspondence received,
- Housing assistance and rental resource information,
- Answers to questions, resolution to problems and referrals to agencies that may provide further assistance,
- Status of applications being processed by FEMA and
- Small Business Administration (SBA) program information if there is an SBA representative at the Disaster Recovery Center site.

**NOTE:** An individual cannot register for assistance at a DRC. To register for assistance and find other information constituents should visit [www.DisasterAssistance.gov](http://www.DisasterAssistance.gov).

Those without internet access can contact FEMA at 800-621-FEMA (3362). Hearing and/or speech impaired only, call TTY: 800-462-7585.

### **10. Is the IRS represented at DRCs?**

IRS staff may be available to help taxpayers at major DRCs. Our Stakeholder Liaison field offices determine the need to staff DRCs. Stakeholder Liaison often ships disaster relief kits to DRCs for distribution. You can also order the kits by calling 800-TAX-FORMS and requesting [Publication 2194](#), Disaster Resource Guide for Individuals and Businesses.

Assistance is also available on the IRS Disaster Assistance Hotline, 866-562-5227 – and – in person at IRS Taxpayer Assistance Centers. Appointments are required at IRS Taxpayer Assistance Centers and may be made by calling 844-545-5640.

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## Special Services Provided by IRS during Disasters

### **11. How does a taxpayer or return preparer obtain an expedited copy of a tax return or tax return transcript?**

To qualify for disaster loans and grants from other federal agencies, a taxpayer may need a copy of their tax returns or transcripts of returns for recent years.

**Copies of tax returns** – Taxpayers can use [Form 4506](#), Request for Copy of Tax Return, to order a copy of their tax return. Generally, there's a \$50 fee for requesting each copy of a tax return. If the taxpayer's main home, principal place of business or tax records are in a federally declared disaster area, the fee will be waived if the name of the disaster (for example, "**Hurricane Ann**") is written in red across the top of the Form 4506 when filed.

**Transcript of tax return** – The IRS will provide disaster victims or their return preparer with a free, expedited tax return transcript. Expedited services are available to taxpayers or their authorized representatives who call the IRS Disaster Assistance Hotline at 866-562-5227. Also, taxpayers can fax or mail [Form 4506-T](#), Request for Transcript of Tax Return, to the appropriate IRS fax number or address found in the instructions.

Taxpayers can download or order a transcript by accessing The IRS's online Get Transcript tool at <https://www.irs.gov/individuals/get-transcript>.

If a request for transcript is mailed, taxpayers should write the appropriate disaster information, such as "**Hurricane Ann**," in red across the top of the form. Tax professionals who are registered may use e-Services to obtain a tax return transcript for their client.

Tax professionals must have a valid Power-of-Attorney on file to make the above requests on behalf of their clients.

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#### **12. Does the IRS work with other federal agencies during disasters?**

In large-scale disasters, FEMA opens Joint Field Operations (JFOs) where federal agencies coordinate responses. The IRS represents Treasury and the IRS at JFOs. Treasury issues include banking and the financial industry. The IRS funnels issues to Treasury for resolution and helps Treasury implement decisions. JFOs are for agencies only and there is no public access to these facilities.

### Change of Address

#### **13. What address should be used on a taxpayer's return? In disaster areas, taxpayers can move several times and may not remain at a current address for an extended period.**

Taxpayers should use their current address when filing. If the taxpayer moves after filing the return, they should update their address with the IRS by calling the IRS Disaster Assistance Hotline at 866-562-5227 or by filing [Form 8822](#), Change of Address. The IRS also recommends that taxpayers notify the Post Office serving the old address.

### Penalties and Interest

#### **14. Is there any relief for installment agreement payments that become due during the disaster relief period?**

Installment agreement payments that become due during the disaster relief period are suspended. After the postponement period has ended, the installment agreement will be reinstated (without fee). The taxpayer will be required to resume making payments in accordance with the terms of the installment agreement beginning the month after the end of the postponement period (postponement ends in June, resume payments in July). However, penalties and interest will accrue during the suspension of the installment agreement.

### Casualty Losses

#### **15. Can a taxpayer claim a loss on his tax return for damaged or destroyed property?**

For losses attributed to a federally-declared disaster, individuals may generally deduct casualty (disaster) losses relating to their personal-use property including their home, household items and vehicles.

For information on casualty losses, including how to figure the amount of the deduction for tax purposes, see IRS [Publication 547, Casualties, Disasters and Thefts](#).

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The key to taking full advantage the personal property casualty (disaster) loss deduction is having good records:

- What property did you buy?
- When did you buy it?
- How much did you pay for it?
- How much have you spent to improve the property and increase its value?
- What was the property worth the day before, and the day after, the disaster?
- How much of your loss will insurance and other repayments cover?

To claim a loss deduction for business and income generating property taxpayers will need the above and tax records going back several years. The tax records are necessary to account for business expense and depreciation deductions the taxpayer claimed.

#### **16. How does a taxpayer report a casualty loss on their tax return?**

How to report a casualty loss is covered in the instructions for form 1040 and IRS Publication 17, Your Federal Income Tax. IRS [Publication 584](#), Casualty, Disaster, and Theft Loss Workbook can help taxpayers document their losses.

For losses involving business- use property, refer to [Publication 584B](#), Business Casualty, Disaster, and Theft Loss Workbook.

#### **17. In what tax year is a casualty loss claimed?**

Casualty losses are generally deductible in the year the casualty occurred.

However, under Internal Revenue Code section 165(i), if the casualty loss is from a federally declared disaster that occurred in an area warranting individual or public assistance (or both), the taxpayer can choose to treat the loss as having occurred in the year immediately preceding the tax year in which the disaster happened.

The taxpayer can deduct the loss on their original return for the preceding year – or – they can amend their return for the preceding year to deduct the loss.

Example 1 – Disaster occurred in February 2019. Taxpayer can claim the loss deduction on their 2018 return filed in April 2019.

Example 2 – Disaster occurred in June 2019. Taxpayer can amend their 2018 return to claim the loss deduction and receive a refund.

#### **18. How long does it take for the IRS to process amended returns filed by disaster victims making a section 165(i) election?**

The IRS expedites processing of amended returns notated with the appropriate disaster information, i.e. "[Hurricane Ann](#)." The timeframe is generally 60 days.

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#### Tax Treatment of Payments Received

#### **19. Is a taxpayer required to include in gross income payments they receive for property damage or destruction?**

A taxpayer is not required to include in gross income any payments received for property damage or destruction if the payments don't exceed the taxpayer's adjusted basis in the damaged or destroyed property. If the payments for property damage or destruction exceed the taxpayer's adjusted basis in the damaged or destroyed property, the taxpayer will realize a gain for federal income tax purposes.

A taxpayer whose principal residence is destroyed has suffered an involuntary conversion and special tax rules apply. For information see IRS Publications 523, [Selling Your Home](#) and 544, [Sales and Other Dispositions of Assets](#).

Payments that disaster victims receive from FEMA are generally not taxable income. However, they may reduce a casualty loss or medical expense deduction.

Under the Individuals and Households Program (IHP), FEMA provides grant payments to individuals for critical disaster related expenses and losses not covered by insurance or other means. FEMA makes the following types of payments under the program:

- Temporary housing assistance: To rent a different place to live or a government provided housing unit when rental properties are not available.
- Repair assistance: For homeowners to repair damage from the disaster to their primary residence that is not covered by insurance. The goal is to make the damaged home safe, sanitary, and functional.
- Replacement assistance: For homeowners to replace their primary residence destroyed in the disaster that is not covered by insurance.
- Other needs assistance: For necessary expenses and serious needs caused by the disaster, such as medical, dental, funeral, personal property, transportation, moving and storage.

**Casualty Loss:** The recipient of a FEMA repair or replacement assistance payment must reduce the amount of any casualty loss attributable to the damaged or destroyed property by the amount of the FEMA payment.

**Medical Expense Deduction:** The recipient of a FEMA payment for reimbursement of medical expenses must reduce the amount of their medical expenses by the amount of the FEMA payment to determine the amount of their deduction. See [Publication 502](#), Medical and Dental Expenses.

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## Qualified Disaster Mitigation Payments

### **20. Are qualified disaster mitigation payments tax free?**

Qualified disaster mitigation payments made under the Robert T. Stafford Disaster Relief and Emergency Assistance Act or the National Flood Insurance Act (as in effect on April 15, 2005) aren't included in income. These are payments property owners receive to reduce the risk of future damage to the property. Taxpayers cannot increase their basis in the property, or take a deduction or credit, for expenditures made with respect to these payments.

### **21. Are taxpayers required to report gains from the sale of property under the hazard mitigation program for federal income tax purposes?**

Generally, taxpayers who sell or otherwise transfer property must recognize any gain or loss for tax purposes unless the property is their main home.

Taxpayers report the gain or deduct the loss on their tax return for the year it is realized. However, if taxpayers sell or otherwise transfer property to the federal government, a state or local government, or an Indian tribal government under a hazard mitigation program, they can choose to postpone reporting the gain if they buy qualifying replacement property within a certain period.

## Additional Information

For more information, Congressional staff can:

- Visit [www.irs.gov/disaster](http://www.irs.gov/disaster). Information on preparing for disasters is also available.
- Contact your local governmental liaison.
- Refer to IRS publications and forms, including:
  - [Pub 547](#), Casualties, Disasters and Thefts (also in Spanish)
  - [Pub 584](#), Casualty, Disaster, and Theft Loss Workbook for Individuals (also in Spanish)
  - [Pub 584B](#), Business Casualty, Disaster, and Theft Loss Workbook (also in Spanish)
  - [Pub 536](#), Net Operating Losses for Individuals, Estates, and Trusts
  - [Pub 551](#), Basis of Assets
  - [Pub 502](#), Medical and Dental Expenses
  - [Pub 2194](#), Disaster Resource Guide for Individuals and Businesses
  - [Form 4506](#), Request for Copy of Tax Return
  - [Form 4506-T](#), Request for Transcript of Tax Return
  - [Form 4684](#), Casualties and Thefts
  - [Form 8822](#), Change of Address.