



November 18, 2019

The Honorable Tom Rice
U.S. House of Representatives
512 Cannon House Office Building
Washington, DC 20515

RE: Automatic Extension of Filing Deadlines for Taxpayers Affected by Federally Declared Disasters

Dear Congressman Rice:

The American Institute of CPAs (AICPA) commends your continued efforts to provide permanent and consistent tax relief to individuals and businesses affected by natural disasters. It is important to offer certainty to taxpayers who are victims of natural disasters and we appreciate your thought leadership in finding new ways to solve these difficult problems. Specifically, we support your goal – encapsulated in Sec. 7 of H.R. 3287 – that would mandate an automatic extension of certain federal tax deadlines for taxpayers affected by federally declared disasters.

Natural disasters regularly affect the Nation at all times of the year. In recent years, disasters have occurred immediately before or during major tax filing seasons and extended deadlines. In 2017, Hurricanes Harvey, Irma, and Maria occurred during the September and October extended filing seasons. In 2018, Hurricanes Florence, Matthew, and the California wildfires disrupted tax preparers and taxpayers in multiple states. This past September, we experienced Tropical Storm Imelda once again affecting the lives of victims in the midst of another major tax filing season. Relief for taxpayers affected by these disasters was not guaranteed or immediate, which caused taxpayers and tax practitioners unnecessary stress and burden for the days leading up to the issuance of filing relief.

We appreciate the opportunity to provide recommendations on H.R. 3287. Specifically, we offer our comments on refining the provisions in Sec. 7, including the language for the mandatory 60-day extension, the definition of “qualified taxpayer,” and the definition of “disaster area.”

Mandatory 60-Day Extension

The AICPA supports the concept of creating an automatic extension of certain federal tax deadlines in the case of federally declared disasters. The provision, included in Sec. 7 of H.R. 3287, could help reduce the disaster victims’ administrative burdens caused by the time lag between state disaster declarations and federal disaster declarations. However, we

recommend and stress the importance of a “*minimum* 60-day extension” (a longer period may be appropriate), giving the IRS the ability to offer longer extensions to taxpayers when needed. Currently, the IRS often allows a 120-day extension for taxpayers in disaster affected counties. Therefore, it is important that legislation does not limit the extension to a “mandatory 60-days.”

Qualified Taxpayers

Additionally, as Congress advances this legislation or related tax measures, we encourage you to modify this provision by maintaining the full current definition of “affected taxpayer” as detailed under the section 7508A¹ regulations.² As drafted, the provision in Sec. 7 of H.R. 3287 may not provide the same extent of relief to certain business entities, estates, or trusts as currently provided in the Treasury regulations. The modification recommended would allow more disaster-affected victims to qualify for filing extensions.

Disaster Area

Finally, we recommend clarifying language to define the “disaster area” by directly referring to the Robert T. Stafford Disaster Relief and Emergency Act, rather than referencing section 165(i)(5). This modification would help ensure an automatic trigger is in place – for *all* counties with federally declared disasters – to receive a minimum filing extension. Currently, the IRS procedure only allows filing extensions to counties with a FEMA declaration rising to the level of “individual assistance.”

Additional Provision (Sec. 4)

The AICPA supports the employee retention credit for employers affected by qualified disasters (Sec. 4) in H.R. 3287. This provision would assist employers who continue to pay wages during the disaster recovery period, while helping families to have the resources they need to rebuild their homes.

Conclusion

The AICPA is a long-time advocate of implementing permanent disaster tax relief provisions.³ Without established relief through the tax system, these catastrophes can affect people’s ability to file tax returns and pay their taxes. Therefore, we urge Congress

¹ Unless otherwise indicated, references to a “section” are to a section of the Internal Revenue Code of 1986, as amended (the “Code”), and references to a “Treas. Reg. §” are to the Treasury regulations promulgated under the Code.

² See Treas. Reg. § 301.7508A-1(d)(1).

³ See AICPA brochure on “[Natural Disasters – The Case for Permanent Tax Relief](#),” published 2015. AICPA [submitted written statement for the record](#) to the U.S. House Ways and Means Committee Tax Policy Subcommittee hearing on “How Tax Reform Will Simplify Our Broken Tax Code and Help Individuals and Families,” dated July 19, 2017.

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to enact permanent tax provisions that would provide immediate relief when a declaration of a federal disaster occurs, rather than providing delayed and possibly imbalanced tax relief through separate individual bills following each disaster.

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The AICPA is the world's largest member association representing the CPA profession, with more than 429,000 members in the United States and worldwide, and a history of serving the public interest since 1887. Our members advise clients on federal, state and international tax matters and prepare income and other tax returns for millions of Americans. Our members provide services to individuals, not-for-profit organizations, small and medium-sized businesses, as well as America's largest businesses.

We appreciate your consideration of these comments and welcome the opportunity to discuss these issues further. If you have any questions, please contact David Baldwin, Chair, AICPA Individual & Self-Employed Tax Technical Resource Panel, at (480) 758-5617 or Dave@baldwintax.com; Amy Wang, AICPA Senior Manager – Tax Policy & Advocacy, at (202) 434-9264 or Amy.Wang@aicpa-cima.com; Lauren Pfungstag, AICPA Director - Congressional and Political Affairs, at (202) 434-9208 or Lauren.Pfungstag@aicpa-cima.com; or me at (612) 397-3071 or Chris.Hesse@CLAconnect.com.

Sincerely,

A handwritten signature in blue ink that reads "Christopher W. Hesse". The signature is fluid and cursive, with a long horizontal stroke at the end.

Christopher W. Hesse, CPA
Chair, AICPA Tax Executive Committee