



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
Washington, D.C. 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

DATE: September 12, 2011

MEMORANDUM FOR DISTRIBUTION

/s/ Thomas G. Peters for
Karen M. Taylor
FROM: Acting Director, Stakeholder Liaison Headquarters

SUBJECT: Disaster Assistance for the State of Texas
(FEMA 4029-DR)

On September 9, 2011, the President declared the State of Texas a disaster area with a certain county determined by the Federal Emergency Management Agency (FEMA) to be eligible for Individual Assistance under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. §§ 5121-5206 (Stafford Act). The federal declaration was made after Wildfires occurred on August 30, 2011. The county designated by FEMA to be eligible for Individual Assistance, hereinafter referred to as the "IRS Designated Disaster Area" are shown in the Attachment. If FEMA declares additional counties eligible for Individual Assistance, the relief described in this memorandum will also apply to them.

For purposes of the following filing and payment relief, "affected taxpayers" includes taxpayers whose principal residence or principal place of business is located in the IRS Designated Disaster Area, taxpayers whose records necessary to meet a deadline occurring during the postponement period are located in the IRS Designated Disaster Area, relief workers affiliated with a recognized government or philanthropic organization assisting with the relief activities in the IRS Designated Disaster Area, and any individual visiting the IRS Designated Disaster Area who was killed or injured as a result of the disaster.

Notice 1155 (EN/SP) should be included as a stuffer for all correspondence addressed to taxpayers in the IRS Designated Disaster Area beginning September 12, 2011, and ending October 31, 2011. A zip code listing identifying the areas requiring Notice 1155 (EN/SP) will be posted to the IRWeb at <http://www.icce.irs.gov/fema/2011/index.html>.

The disaster -S Freeze will be applied to the Master File accounts of taxpayers located in the IRS Designated Disaster Areas for automatic filing and payment relief. The list of designated disaster areas identified for -S Freeze action has been provided to MITS and will be posted to the IRWeb at <http://www.icce.irs.gov/fema/2011/index.html>.

Affected taxpayers who reside or have businesses located outside the designated disaster area must call the IRS disaster toll free number, 1-866-562-5225, to self-identify for disaster relief.

Relief Provisions Which Apply Only To Affected Taxpayers

- Field and Campus enforcement activities may be suspended on a case by case basis as taxpayers self-identify. Taxpayers should be provided an opportunity to defer action for a reasonable period of time.
- Requests for photocopies of tax returns from taxpayers located in the IRS Designated Disaster Area should be expedited and user fees waived. These requests, when filed, should be labeled across the top margin in red "Texas/Wildfires."
- Affected taxpayers that have an original or extended return with a due date that falls on or after August 30, 2011 and before October 31, 2011, are granted additional time to file through October 31, 2011, under IRC Section 7508A. This includes any return of income tax (e.g., individual, corporate, including S corporation, estate and trust income tax returns), estate, gift, and generation-skipping transfer tax returns; partnership information returns; employment and certain excise tax returns.
- Affected taxpayers that have an original return with a due date that falls on or after August 30, 2011, and before October 31, 2011, who file an extension of time to file any time during the postponement period, the extended return will be due six months from the date that the original return was due or the end of the postponement period, whichever is later.
- Payments of tax that are due to be paid by an affected taxpayer with respect to a return with an original or extended due date occurring on or after August 30, 2011, and before October 31, 2011, are postponed through October 31, 2011, under IRC Section 7508A. The postponement of time to pay does not generally apply to prior year liabilities. Payments pursuant to an installment agreement (IRC Section 6259) due on or after August 30, 2011, and before October 31, 2011, are postponed through October 31, 2011. See IRM 25.16.1.8.13 for additional guidance on treatment of installment agreements.
- Affected taxpayers that have an estimated tax payment originally due on or after August 30, 2011, and before October 31, 2011, will not be subject to penalties for failure to pay estimated tax installments as long as such payments are paid on or before October 31, 2011.

- Affected taxpayers that need to perform time-sensitive actions described in Treasury Regulation § 301.7508A-1(c)(1) and Rev. Proc. 2007-56, 2007-34 IRB 388, that fall on or after August 30, 2011, and before October 31, 2011, are granted additional time to act through October 31, 2011.
- Penalties for failure to file and failure to pay and interest will be abated automatically for the period beginning August 30, 2011, and ending October 31, 2011, for taxpayers located in the IRS Designated Disaster Area having an original or extended return due date within this period. Customer Service Representatives will abate penalties and interest for affected taxpayers located outside the designated disaster area who call and self-identify.
- The filing relief listed above also applies to Form 5500 series returns (that were required to be filed on or after August 30, 2011, and before October 31, 2011) in the manner described in Section 8 of Revenue Procedure 2007-56, 2007-34 IRB 388.

Unless an act is specifically listed in Rev. Proc. 2007-56, the postponement of time to file and pay does not apply to information returns in the W-2, 1098, or 1099 series; to Forms 1042-S or 8025; or to employment and excise tax deposits. However, penalties on deposits due on or after August 30, 2011, and before September 14, 2011, will be abated as long as the tax deposits were made by September 14, 2011.

The State Disaster Assistance Coordinator may direct personnel from all operating divisions to conduct disaster assistance activities including staffing any Disaster Recovery Centers.

If you have any questions or comments contact information for a member of the IRS Disaster Assistance Program Office is available at <http://mysbse.web.irs.gov/CLD/Disaster+Assistance/About/8264.aspx>.

Distribution

Operating Division/Functional Division Disaster Assistance Program Coordinators (SB/SE, W&I, MITS, LMSB, TEGE, CI, TAS, C&L, Appeals, Counsel, AWSS)

Attachment

IRS Designated Disaster Area for Notice 1155 (EN/SP)

Counties

Bastrop