SC INFORMATION LETTER #15-14

SUBJECT: Tax Relief for Persons and Businesses Affected by South Carolina Floods of October 2015

DATE: October 9, 2015

SC Revenue Procedure #09-3

SCOPE: An Information Letter is a written statement issued to the public to announce general information useful in complying with the laws administered by the Department. An Information Letter has no precedential value.

Internal Revenue Service Tax Relief. The Internal Revenue Service has provided special filing and payment relief to victims of flooding in certain counties in South Carolina (IR-2015-112). A copy of the Internal Revenue Service notice on the tax relief granted affected taxpayers in South Carolina is attached.

The tax relief postpones various tax filing and payment deadlines that occurred starting on October 1, 2015. As a result, affected individuals and businesses will have until February 16, 2016 to file these returns and pay any taxes due. This includes the October 15th deadline for those who received an extension to file their 2014 return and the deadline for making quarterly estimated payments.

So far, the IRS filing and payment relief applies to the following counties identified by the President’s declaration as a federal disaster area:

- Berkeley
- Calhoun
- Charleston
- Clarendon
- Darlington
- Dorchester
- Florence
- Georgetown
- Horry
- Kershaw
- Lee
- Lexington
- Orangeburg
- Richland
- Sumter
- Williamsburg

Other counties may be added in coming days as additional damage assessments are completed.
South Carolina Department of Revenue Tax Relief. The South Carolina Department of Revenue is also extending its tax relief to provide the same relief to:

- individuals and businesses located in these counties who have been affected by the flooding (and in any additional counties that may be added in the coming days),
- taxpayers who have businesses in South Carolina with offices in these counties whose operations have been affected by the flooding,
- taxpayers whose tax records are located in these counties,
- taxpayers whose returns are prepared by tax professionals in these counties, and
- relief workers.

The Department will grant the same relief period granted by the Internal Revenue Service. If the Internal Revenue Service grants relief to other areas affected by the flooding or grants an additional relief period, then the Department will grant the same relief and period.

Taxpayers who have been affected by the flooding may be eligible for the following relief with respect to any taxes administered by the Department or tax returns filed with the Department (e.g., income tax returns, sales and use tax returns, admissions tax returns, motor fuel user fee returns, etc.):

- Extensions of time to file tax returns and pay taxes. The due dates for returns due on or after October 1, 2015 and on or before February 16, 2016 have been postponed until February 16, 2016.
- Suspension of the enforced collection of any assessed liability of the taxpayer, including installment agreements.
- Waiver of any penalties due as a result of any extensions or suspension of enforced collection activities.
- Replacement copies of tax returns, free of charge, for tax returns destroyed as a result of the flooding. (Taxpayers should write “SC Flood” on the request for copies of returns.)

In addition, the Department may grant additional tax relief as additional information is gathered about the needs of persons affected by the flooding.

Returns Filed by Affected Taxpayers. To qualify for this relief, affected taxpayers should write “SC Flood” at the top of any paper return relying on this relief or complete the “disaster area” check box if one is provided on the return. Returns filed electronically by affected taxpayers through MyDORWAY do not require any additional action to qualify for this relief.

Notices Received by Affected Taxpayers. Individuals or businesses affected by the flood who receive a penalty notice from the Department should call the Department at the number listed on the notice to discuss the application of any tax relief provided by the Department.
Questions and Other Relief.

General Questions. Taxpayers with general tax relief questions should contact the Department at 803-898-5000, Option 2.

Questions Concerning Current Audit and Collection Matters. Taxpayers with tax relief questions concerning a current Department audit or collection matter should contact the Department’s revenue officer or auditor who is handling their specific audit or collection matter.

Questions Concerning County Property Taxes. Taxpayers with questions concerning county property taxes should contact the county government in which the property is located.

Questions Concerning Other State Tax Relief. Other State tax relief may be available depending on the taxpayer’s particular circumstances and will be considered on a case-by-case basis. Taxpayers seeking other relief should either send an e-mail to TaxpayerAdvocate@dor.sc.gov or write a letter to the following address:

SC Department of Revenue
Attn: Taxpayer Advocate
PO Box 125
Columbia, SC 29214

Website Information.

For up-to-date information concerning tax relief for persons and businesses affected by the South Carolina floods, visit the Department’s website at: www.dor.sc.gov/flood-tax-relief.
Tax Relief for Victims of Severe Storms and Flooding in South Carolina

Updated Oct. 8, 2015, to include Calhoun, Darlington, Florence, Kershaw and Lee counties.

SC-2015-71, October 7, 2015

Greensboro — Victims of the severe storms and flooding that took place beginning on October 1, 2015 in parts of South Carolina may qualify for tax relief from the Internal Revenue Service.

Following the recent disaster declaration for individual assistance issued by the Federal Emergency Management Agency, the IRS announced today that affected taxpayers in South Carolina will receive tax relief.

The President has declared Berkeley, Calhoun, Charleston, Clarendon, Darlington, Dorchester, Florence, Georgetown, Horry, Kershaw, Lee, Lexington, Orangeburg, Richland, Sumter and Williamsburg counties a federal disaster area. Individuals who reside or have a business in these counties may qualify for tax relief.

The declaration permits the IRS to postpone certain deadlines for taxpayers who reside or have a business in the disaster area. For instance, certain deadlines falling on or after Oct. 1, and on or before February 16, 2016 have been postponed to February 16, 2016. This includes the Oct. 15 deadline for those who received an extension to file their 2014 return.

In addition, the IRS is waiving the failure-to-deposit penalties for employment and excise tax deposits due on or after Oct. 1, as long as the deposits were made by Oct. 16, 2015.

If an affected taxpayer receives a penalty notice from the IRS, the taxpayer should call the telephone number on the notice to have the IRS abate any interest and any late filing or late payment penalties that would otherwise apply. Penalties or interest will be abated only for taxpayers who have an original or extended filing, payment or deposit due date, including an extended filing or payment due date, that falls within the postponement period.

The IRS automatically identifies taxpayers located in the covered disaster area and applies automatic filing and payment relief. But affected taxpayers who reside or have a business located outside the covered disaster area must call the IRS disaster hotline at 866-562-5227 to request this tax relief.

Covered Disaster Area

The counties listed above constitute a covered disaster area for purposes of Treas. Reg. § 301.7508A-1(d)(2) and are entitled to the relief detailed below.

Affected Taxpayers

Taxpayers considered to be affected taxpayers eligible for the postponement of time to file returns, pay taxes and perform other time-sensitive acts are those taxpayers listed in Treas. Reg. § 301.7508A-1(d)(1), and include individuals who live, and businesses whose principal place of business is located, in the covered disaster area. Taxpayers not in the covered disaster area, but whose records necessary to meet a deadline listed in Treas. Reg. § 301.7508A-1(c) are in the covered disaster area, are also entitled to relief. In addition, all relief workers affiliated with a recognized government or philanthropic organization assisting in the relief activities in the covered disaster area and any individual visiting the covered disaster area that was killed or injured as a result of the disaster are entitled to relief.
Grant of Relief

Under section 7508A, the IRS gives affected taxpayers until Feb. 16, 2016 to file most tax returns (including individual, corporate, and estate and trust income tax returns; partnership returns, S corporation returns, and trust returns; estate, gift, and generation-skipping transfer tax returns; and employment and certain excise tax returns), or to make tax payments, including estimated tax payments, that have either an original or extended due date occurring on or after Oct. 1 and on or before Feb. 16, 2016.

The IRS also gives affected taxpayers until Feb. 16, 2016 to perform other time-sensitive actions described in Treas. Reg. § 301.7508A-1(c)(1) and Rev. Proc. 2007-56, 2007-34 I.R.B. 388 (Aug. 20, 2007), that are due to be performed on or after Oct. 1 and on or before Feb. 16, 2016.

This relief also includes the filing of Form 5500 series returns, in the manner described in section 8 of Rev. Proc. 2007-56. The relief described in section 17 of Rev. Proc. 2007-56, pertaining to like-kind exchanges of property, also applies to certain taxpayers who are not otherwise affected taxpayers and may include acts required to be performed before or after the period above.

The postponement of time to file and pay does not apply to information returns in the W-2, 1098, 1099 series, or to Forms 1042-S or 8027. Penalties for failure to timely file information returns can be waived under existing procedures for reasonable cause. Likewise, the postponement does not apply to employment and excise tax deposits. The IRS, however, will abate penalties for failure to make timely employment and excise tax deposits due on or after Oct. 1, and on or before Oct. 16 provided the taxpayer made these deposits by Oct. 16, 2015.

Casualty Losses

Affected taxpayers in a federally declared disaster area have the option of claiming disaster-related casualty losses on their federal income tax return for either this year or last year. Claiming the loss on an original or amended return for last year will get the taxpayer an earlier refund, but waiting to claim the loss on this year’s return could result in a greater tax saving, depending on other income factors.

Individuals may deduct personal property losses that are not covered by insurance or other reimbursements. For details, see Form 4684 and its instructions.

Affected taxpayers claiming the disaster loss on last year’s return should put the Disaster Designation “South Carolina, Severe Storms and Flooding” at the top of the form so that the IRS can expedite the processing of the refund.

Other Relief

The IRS will waive the usual fees and expedite requests for copies of previously filed tax returns for affected taxpayers. Taxpayers should put the assigned Disaster Designation “Severe Storms and Flooding in South Carolina” in red ink at the top of Form 4506, Request for Copy of Tax Return, or Form 4506-T, Request for Transcript of Tax Return, as appropriate, and submit it to the IRS.

Affected taxpayers who are contacted by the IRS on a collection or examination matter should explain how the disaster impacts them so that the IRS can provide appropriate consideration to their case.

Taxpayers may download forms and publications from the official IRS website, irs.gov, or order them by calling 800-829-3676. The IRS toll-free number for general tax questions is 800-829-1040.

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