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IRS Announces Tax Relief for Victims of Tropical Storm Ernesto in USVI; Various Deadlines Postponed to Feb. 3, 2025

U.S. Virgin Islands residents and businesses impacted by severe storms and flooding in August 2024 now have until February 3, 2025, to file various federal tax returns and make payments, following an IRS announcement of tax relief

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The U.S. Internal Revenue Service announced today tax relief for individuals and businesses in the U.S. Virgin Islands that were affected by severe storms and flooding that began on Aug. 13, 2024. According to the release these taxpayers now have until Feb. 3, 2025, to file various federal individual and business tax returns and make tax payments.

Following the [disaster declaration](#) issued by the Federal Emergency Management Agency, individuals and households that reside or have a business in the islands of St. Croix, St. John, St. Thomas, and Water Island qualify for tax relief.

The declaration permits the IRS to postpone certain tax-filing and tax-payment deadlines for taxpayers who reside or have a business in the disaster area. For instance, certain deadlines falling on or after Aug. 13, 2024, and before Feb. 3, 2025, are granted additional time to file through Feb. 3, 2025. As a result, affected individuals and businesses will have until Feb. 3, 2025, to file returns and pay any taxes that were originally due during this period.

The Feb. 3, 2025, filing deadline applies to:

- Individuals who had a valid extension to file their 2023 return due to run out on Oct. 15, 2024. The IRS noted, however, that because tax payments related to these 2023 returns were due on April 15, 2024, those payments are not eligible for this relief.
- Businesses with an original or extended due date including, among others, calendar-year partnerships and S corporations whose 2023 extensions run out on Sept. 16, 2024, and calendar-year corporations whose 2023 extensions run out on Oct. 15, 2024.

The press release further states that the Feb. 3, 2025 deadline also applies to any payment normally due during this period, including the quarterly estimated tax payments due on Sept. 16, 2024, and Jan. 15, 2025, and the quarterly payroll and excise tax returns normally due on Oct. 31, 2024, and Jan. 31, 2025. In addition, penalties on payroll and excise tax deposits due on or after Aug. 13, 2024, and before Aug. 28, 2024, will be abated as long as the tax deposits are made by Aug. 28, 2024.

If an affected taxpayer receives a late filing or late payment penalty notice from the IRS that has an original filing, payment or deposit due date that falls within the postponement period, the taxpayer should call the telephone number on the notice to have the IRS abate the penalty.

The IRS said it automatically identifies taxpayers located in the covered disaster area and applies filing and payment relief. But affected taxpayers who reside or have a business located outside the covered disaster area should call the IRS disaster hotline at [866-562-5227](tel:866-562-5227) to request this tax relief. Tax preparers located in the disaster area with clients located outside the disaster area can choose to use the [bulk requests from practitioners for disaster relief](#) option, described on IRS.gov.

Covered disaster area

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

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 (including tax-exempt organizations) 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 who was killed or injured as a result of the disaster are entitled to relief.

Under section 7508A, the IRS gives affected taxpayers until Feb. 3, 2025, 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; annual information returns of tax-exempt organizations; and employment and certain excise tax returns), that have either an original or extended due date occurring on or after Aug. 13, 2024, and before Feb. 3, 2025, are granted additional time to file through Feb. 3, 2025.

Affected taxpayers that have an estimated income tax payment originally due on or after Aug. 13, 2024, are postponed through Feb. 3, 2025, will not be subject to penalties for failure to pay estimated tax installments as long as such payments are paid on or before Feb. 3, 2025.

The IRS also gives affected taxpayers until Feb 3, 2025, to perform other time-sensitive actions described in Treas. Reg. § 301.7508A-1(c)(1) and Rev. Proc. 2018-58, 2018-50 IRB 990 (December 10, 2018), that are due to be performed on or after Aug. 13, 2024, and before Feb. 3, 2025, are granted additional time to file through Feb. 3, 2025.

This relief also includes the filing of Form 5500 series returns that were required to be filed on or after Aug. 13, 2024, and before Feb. 3, 2025, are postponed through Feb. 3, 2025, in the manner described in section 8 of Rev. Proc. 2018-58. The relief described in section 17 of Rev. Proc. 2018-58, 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.

Unless an act is specifically listed in Rev. Proc. 2018-58, the postponement of time to file and pay does not apply to information returns in the W-2, 1094, 1095, 1097, 1098 or 1099 series; to Forms 1042-S, 3921, 3922 or 8027; or to employment and excise tax deposits. However, penalties on deposits due on or after Aug. 13, 2024, and before Feb. 3, 2025, will be abated as long as the tax deposits were made by Feb. 3, 2025.

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 the year in which the event occurred, or the prior year. In this instance, the 2024 return normally filed next year), or the return for the prior year (the 2023 return filed this year). Taxpayers have extra time – up to six months after the due date of the taxpayer’s federal income tax return for the disaster year (without regard to any extension of time to file) – to make the election.

See [Publication 547](#) for details. Individuals may deduct personal property losses that are not covered by insurance or other reimbursements. For details, see [Form 4684, Casualties and Thefts PDF](#) and its [instructions PDF](#). Affected taxpayers claiming the disaster loss on their return should put FEMA disaster declaration number, 3611-EM on any return. See [Publication 547](#) for details.

Other relief

The IRS will waive the usual fees and requests for copies of previously filed tax returns for affected taxpayers. Taxpayers should put the assigned FEMA declaration number (3611-EM), in bold letters at the top of [Form 4506, Request for Copy of Tax Return PDF](#), or [Form 4506-T, Request for Transcript of Tax Return PDF](#), as appropriate, and submit it to the IRS.

Qualified disaster relief payments are generally excluded from gross income. This means that affected taxpayers can exclude from their gross income amounts received from a government agency for reasonable and necessary personal, family, living or funeral expenses, as well as for the repair or rehabilitation of their home, or for the repair or replacement of its contents. See [Publication 525](#) for details.

Additional relief may be available to affected taxpayers who participate in a retirement plan or individual retirement arrangement (IRA). For example, a taxpayer may be eligible to take a special disaster distribution that would not be subject to the additional 10% early distribution tax and allows the taxpayer to spread the income over three years. Taxpayers may also be eligible to make a hardship withdrawal. Each plan or IRA has specific rules and guidance for their participants to follow.

The IRS may provide additional disaster relief in the future.

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.

Reminder about tax return preparation options

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