

# DISASTER AREA TAX RELIEF

## "REQUIREMENTS FOR POSTPONEMENT"



### Compliments of

#### REQUIREMENTS FOR POSTPONEMENT OF §1031 TIME PERIODS

A taxpayer may qualify for postponement if the relinquished property was transferred on or before the Presidentially declared disaster or the taxpayer is an "affected taxpayer" or has difficulty meeting the 45-day identification period or 180-day exchange deadline. For these purposes, "difficulty" generally includes, but is not limited to, the following:

- a) The relinquished property or replacement property is located in a disaster area;
- b) The principal place of business of any party to the transaction is located in the covered disaster area (i.e. qualified intermediary, exchange accommodation titleholder, transferee, settlement attorney, lender, financial institution or a title insurance company);
- c) Any party to the transaction, or an employee of such party involved in the transaction is killed, injured or missing in the declared disaster;
- d) A document prepared in connection with the exchange or a relevant land record is destroyed, damaged or lost;
- e) A lender refuses or decides not to fund a loan due to the declared disaster;
- f) A title insurance company is not able to provide the required title insurance policy necessary to settle or close a real estate transaction due to the declared disaster.

#### AFFECTED TAXPAYERS

"Disaster Area" tax relief includes individuals and businesses located in the "Disaster Area", those whose tax records are situated in the "Disaster Area" and relief workers. Relief workers are generally granted extensions regardless of their state of residence or location of their tax records. Any areas added to the "Disaster Area" may also receive the same relief.

Every taxpayer should consult with their tax advisor to determine whether they are eligible for the relief and to obtain additional information with respect to their particular circumstances.

A few select tropical storms and hurricanes identified by the government have resulted in disaster areas typically having a different set of extensions and requirements from the IRS. As examples, Tropical Storm Bonnie and Hurricane Charlie disaster area taxpayers were allowed extensions through October 15, 2004.

The IRS presented different extension rules with Hurricanes Katrina and Rita. Extensions would be *"postponed by 120 days or the last day of the general disaster extension period authorized by an IRS News Release or other guidance announcing tax relief for victims of the specific Presidentially declared disaster, whichever is later..."*

These extensions can change a number of times in the early days of the disaster. Specific and current information regarding disaster areas can be accessed from the IRS website at [www.irs.gov](http://www.irs.gov), or by calling 866-562-5227.



**ASSET PRESERVATION**  
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