

**DESCRIPTION OF H.R. 1491,
THE “DISASTER RELATED EXTENSION OF DEADLINES ACT”**

Scheduled for Markup
by the
HOUSE COMMITTEE ON WAYS AND MEANS
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Prepared by the Staff
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CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
A. Postponement of Certain Deadlines by Reason of Disasters Made Applicable to Limitation on Credit or Refund.....	2
B. Estimated Revenue Effects of the Proposal.....	7

INTRODUCTION

The House Committee on Ways and Means has scheduled a committee markup for February 26, 2025, of H.R. 1491, the “Disaster Related Extension of Deadlines Act.” This document,¹ prepared by the staff of the Joint Committee on Taxation, provides a description of this bill.

¹ This document may be cited as follows: Joint Committee on Taxation, *Description of H.R. 1491, the “Disaster Related Extensions of Deadlines Act”* (JCX-13-25), February 24, 2025. This document can also be found on the Joint Committee on Taxation website at www.jct.gov. All section references in the document are to the Internal Revenue Code of 1986, as amended (the “Code”), unless otherwise stated.

**A. Postponement of Certain Deadlines by Reason of Disasters Made
Applicable to Limitation on Credit or Refund**

Present Law

General time limits for filing tax returns and paying estimated tax

Individuals generally are required to file their Federal income tax returns by April 15 of the year following the close of a taxable year.² Present law also provides that the Secretary may grant reasonable extensions of time for filing such returns.³ Treasury regulations provide, upon application on the proper form, an automatic six-month extension (until October 15 for calendar-year individuals) for any individual timely filing that form and paying the amount of tax estimated to be due.⁴

In general, individuals are required to make quarterly estimated tax payments by April 15, June 15, September 15, and January 15 of the following taxable year. Wage withholding is considered to be a payment of estimated taxes.

Suspension of time periods

In general, the Secretary may specify a period of up to one year that may be disregarded for performing various acts under the Code, such as filing tax returns, paying taxes, or filing a claim for credit or refund of tax, for any taxpayer determined by the Secretary to be affected by a Federally declared disaster,⁵ a significant fire,⁶ or a terroristic or military action⁷ with respect to any tax liability of the taxpayer.⁸ In addition, the period specified by the Secretary may be disregarded in determining the amount of any interest, penalty, additional amount, or addition to tax, and the amount of any credit or refund.

There are special rules provided for pension plans and other employee benefit plans. The Secretary may prescribe a period of up to one year which may be disregarded in determining the date by which any action by a pension or other employee benefit plan, or by any sponsor, administrator, participant, beneficiary, or other person with respect to such plan, affected by a Federally declared disaster, a significant fire, or a terroristic or military action, would be required

² Sec. 6072.

³ Sec. 6081.

⁴ Treas. Reg. sec. 1.6081-4.

⁵ As defined by section 165(i)(5)(A).

⁶ Significant fire means any fire with respect to which assistance is provided under section 420 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

⁷ As defined in section 692(c)(2).

⁸ Sec. 7508A.

or permitted to be completed. A plan is not treated as operating in a manner inconsistent with its terms or in violation of its terms merely due to disregarding any such periods.

The suspension of time may apply to a wide variety of acts, including the (1) filing of any return of income, estate, gift, employment, or excise tax; (2) payment of any income, estate, gift, employment, or excise tax; (3) allowance of a credit or refund of any tax; (4) assessment of any tax; (5) collection of the amount of any liability in respect of any tax; (6) notice or demand for payment of any tax or with respect to any liability of tax; and (7) any other act required or permitted under the internal revenue laws specified by the Secretary of the Treasury.⁹ The types of acts for which time may be suspended are identified in a related provision and incorporated by reference.¹⁰

For a tax-related deadline to be postponed under this authority, the Internal Revenue Service (“IRS”) generally will publish, as soon as practicable after the declaration of the disaster, significant fire, or occurrence of a terroristic or military action, a revenue ruling, revenue procedure, notice, announcement, news release, or other guidance authorizing the postponement and describing the acts postponed, the postponement period, and the location of the covered disaster area.¹¹

Mandatory 60-day suspension

In the case of a Federally declared disaster, qualified taxpayers have a mandatory 60-day period that is disregarded in determining whether the acts listed above were performed in the time prescribed; the amount of any interest, penalty, additional amount, or addition to tax; and the amount of any credit or refund.¹² The 60-day period begins on the earliest incident date specified in the declaration to which the relevant disaster area relates and ends on the date which is the later of 60 days after the earliest incident date so specified or the date such declaration was issued. In the case of multiple declarations, a separate 60-day period shall be calculated with respect to each declaration. The 60-day period is disregarded in determining under the internal revenue laws, in respect of any tax liability of a qualified taxpayer, whether any of the specified

⁹ Treas. Reg. sec. 301.7508A-1. The regulations note that the IRS may postpone deadlines for performing certain acts with respect to taxes other than taxes not administered by the IRS such as firearms tax (chapter 32, section 4181); harbor maintenance tax (chapter 36, section 4461); and alcohol and tobacco taxes (subtitle E).

¹⁰ Sec. 7508(a)(1)(A) through (K). Under Treasury regulations, additional acts were added to this list with respect to affected pension plans and affected taxpayers with respect to such plans: Making contributions to a qualified retirement plan (within the meaning of section 4974(c)) under section 219(f)(3), 404(a)(6), 404(h)(1)(B), or 404(m)(2); making distributions under section 408(d)(4); recharacterizing contributions under section 408A(d)(6); or making a rollover under section 402(c), 403(a)(4), 403(b)(8), or 408(d)(3). Treas. Reg. sec. 301.7508A-1(c)(1)(iii). In addition, Revenue Procedure 2018-58, 2018-50 I.R.B. 990, supplements the list of postponed acts in section 7508(a)(1) and Treasury Regulation section 301.7508A-1(c)(1) with an additional list of time-sensitive acts.

¹¹ Treas. Reg. sec. 301.7508A-1(e).

¹² Sec. 7805A(d)(1)

acts to which the extension applies were performed within the time prescribed (without regard to any extensions otherwise provided for periods after the 60-day period). The mandatory 60-day period provided is in addition to, or concurrent with, any period of suspension provided by the Secretary. In the case of multiple declarations, a separate 60-day period shall be calculated with respect to each declaration.

Qualified taxpayers are (1) any individual whose principal residence is located in a disaster area, (2) any taxpayer if the taxpayer's principal place of business (other than the business of performing services as an employee) is located in a disaster area, (3) any individual who is a relief worker affiliated with a recognized government or philanthropic organization and who is assisting in a disaster area, (4) any taxpayer whose records necessary to meet a deadline for the acts listed above are maintained in a disaster area, (5) any individual visiting a disaster area who was killed or injured as a result of the disaster, and (6) solely with respect to a joint return, any spouse of an individual who is a qualified taxpayer.

Statute of limitations on credit or refund

In general, a taxpayer is required to file a claim for credit or refund of an overpayment of tax within three years from the time the return was filed or two years from the time the tax was paid, whichever expires later.¹³ If the taxpayer did not file a return, the taxpayer is required to file a claim for credit or refund within two years from the time the tax was paid.¹⁴ No credit or refund is allowed or made after the expiration of this period of limitation, unless the taxpayer files a claim for credit or refund within such period.¹⁵

If a taxpayer files a claim for credit or refund during the three-year limitation period, the amount of credit or refund is limited to the portion of tax paid within the three years immediately before filing the claim plus the period of any extension of time for filing the return.¹⁶ If the claim was not filed within the three-year period, the amount of credit or refund is limited to the two years immediately preceding the filing of the claim.¹⁷

Notice and demand for payment

Under present law, the IRS is required to mail to the taxpayer a notice and demand for payment within 60 days of assessment, but not before the last date prescribed for the payment of

¹³ Sec. 6511(a).

¹⁴ *Ibid.*

¹⁵ Sec. 6511(b)(1).

¹⁶ Sec. 6511(b)(2)(A). Any withholding and estimated taxes paid are deemed paid on April 15th in the year following the close of the tax year in which the tax is allowable as a credit. Sec. 6513(b).

¹⁷ Sec. 6511(b)(2)(B).

tax.¹⁸ An assessment generally occurs after a taxpayer files a return showing a tax liability owed, regardless of whether the amount is paid at that time. As explained above, the date by which notice or demand for tax is required to be mailed is among the events or actions specified as subject to postponement due to Federally declared disasters, etc.¹⁹

¹⁸ Sec. 6303(a).

¹⁹ Sec. 7508(a)(1)(H) and Treas. Reg. sec. 301.7508A-1(b)(4). In June 2023, for example, the IRS sent taxpayers who qualified for disaster relief but had not yet paid in full, a statutory notice of underpayment despite being granted a postponement of time under section 7508A. To clarify the confusion generated by these letters, the IRS sent a second letter advising taxpayers in Federally declared disaster areas of the tax relief available to them, including the fact that they had additional time for filing and payment. Inspector General for Tax Administration, Department of the Treasury, *Additional Actions Are Needed to Clearly Inform Taxpayers in Federally Declared Disaster Areas of Balance Due Payment Postponement Timeframes* (TIGTA 2024--IE-R019), Appendix III, Management Response to the Draft Report, p. 15, September 24, 2024.

Description of Proposal

Under the proposal, any period disregarded under section 7508A with respect to the time prescribed for filing any return of tax is treated as an extension of time for purposes of determining the limitations on a refund or credit under section 6511(b)(2)(A).

In addition, under the proposal, the last date prescribed for payment of any tax under section 6303 is clarified to take into account any period disregarded under section 7508A.

Effective Dates

The proposal with respect to the treatment of the disregarded period as an extension of time applies to claims filed after the date of enactment.

The proposal with respect to the determination of the last date prescribed for payment applies to notices issued after the date of enactment.

B. Estimated Revenue Effects of the Proposal

The proposal is estimated to have a negligible effect on Federal fiscal year budget receipts.