

January 2023

VITA/TCE Sites Impacted by Federally Declared Disasters

Background

Taxpayers with personal casualty losses attributable to a federally declared disaster may claim a disaster loss on Form 4684, Casualties and Thefts. However, like several other disaster-related tax law issues, casualty loss returns are out of scope for the VITA/TCE program. Because it will be useful for volunteers to be able to identify when a return is out of scope, we have provided a **Casualty Loss Screening Tool** to use as a resource to assist in identifying out-of-scope casualty loss returns. Refer these returns to a paid preparer or, if available, a pro bono tax professional.

Tax Relief

Taxpayers whose main home is in a disaster area now have an automatic extension of time to file returns, pay taxes, or complete other time-sensitive acts beginning on the first date specified in a federal disaster declaration and ending 60 days after the last date specified in that federal disaster declaration. Impacted taxpayers no longer need to wait for the IRS to announce postponed deadlines. This automatic 60-day extension applies to federal disaster declarations issued after December 20, 2019, as specified in the Taxpayer Certainty and Disaster Tax Relief Act of 2019. It is important for taxpayers to review the tax relief for the specific federally declared disaster that impacts them. For more information refer to **Tax Relief in Disaster Situations**.

Additional Guidance for Site Operations

1. **Validating Identification for Disaster-Affected Taxpayers:** Volunteers must verify taxpayer identities with original photo identification (ID) and verify taxpayer identification numbers (TINs), which helps prevent fraud and identity theft. However, **there are two exceptions to the general rules that can make a difference for many individuals affected by disasters:**
 - Under extreme circumstances, the site coordinator can approve accepting a valid form of original photo identification other than a valid driver's license, employer ID, school ID, state ID, military ID, national ID, visa, or passport.
 - The site coordinator can also approve an exception to the requirement to provide a photo ID and/or proof of a TIN for taxpayers known to the site. "Known to the site" is someone who visits the site frequently and is known to the site coordinator and volunteers. These two exceptions give the site coordinator reasonable flexibility to approve service under difficult conditions.

2. **Certification for Puerto Rico (PR) taxpayers living in the United States:**
Partners who serve Puerto Rican taxpayers should promote PR Level I and PR Level II certifications among their volunteers. Both the return preparer and quality reviewer must certify in the Puerto Rico modules to prepare these returns.

Note: Currently, the TaxSlayer Practice Lab and the TaxSlayer Pro Online version do not support the U.S. Federal Income Tax Return filed by bona fide residents of Puerto Rico who claim an exclusion for income earned in Puerto Rico. Use the Optional Contingency Plan for maintaining VITA/TCE return preparation operations to prepare these types of returns. Also, PR taxpayers who need to file local income tax returns with the Puerto Rico Department of Treasury must use the Hacienda website Hacienda.Gobierno.pr or paid tax preparers.

3. **Lack of Records:** The taxpayer can file a substitute Form W-2 or 1099 with their tax return after February 15 if they have attempted and failed to obtain their Forms W-2 and 1099 records. **Publication 4012**, VITA/TCE Resource Guide, (page D-6) shows volunteers how to access a “Form 4852, Substitute for W-2” in TaxSlayer. Also use Form 4852 as a substitute Form 1099-R.

Note: A Substitute W-2/1099-R Job Aid is available to assist sites in inputting a substitute W-2.

4. **Signing the Tax Return: Publication 4299**, Privacy, Confidentiality, and Civil Rights - A Public Trust, describes the rules for taxpayers signing returns. For a married couple who is temporarily separated due to a disaster and wants to file as married filing jointly, the following rules apply:

If two taxpayers are filing a joint return, one taxpayer may sign for a missing spouse if authorized by Form 2848, Power of Attorney and Declaration of Representative, or a written statement (with the same information) but only if the missing spouse is:

- **Unable** to sign a tax return due to disease or injury (Form 2848 must be prepared in advance, while the taxpayer is able to sign) or
- Absent continuously from the U.S. (including Puerto Rico) for a period of at least 60 days prior to the due date of the tax return.

However, at the coordinator’s discretion they can use the following exception if the taxpayer(s) are known to the site: A paper tax return can be prepared, and two copies provided to the taxpayers (one copy to mail and the other to keep for their records). Direct taxpayers where to sign their names on Form 1040 and give them the appropriate IRS processing center address for mailing.

In accordance with Publication 4299:

- Form 2848 is not an option for married taxpayers who are not together due to disaster conditions unless one of the conditions above applies.
- As for meeting the exception, if one spouse stayed in the same area

where they are known by the VITA/TCE site, the site coordinator can provide approval for the known taxpayer to sign a paper return, mail it to the missing taxpayer to sign and then mail to the IRS.

- If taxpayers are unknown to the site, the VITA/TCE site can't service them unless each spouse can validate their identities, verify their TINs, and sign their tax return or Form 8879 if e-filing.

Resources

Products: Share the following products with taxpayers appropriately:

- **Publication 5396-A**, Job Aid: Using Form 4852 when Missing the Form W-2 or 1099-R for VITA/TCE Volunteers
- **Publication 5396-B**, VITA/TCE Casualty Loss Screening Tool
- **Publication 584**, Casualty, Disaster, and Theft Loss Workbook (Personal-Use-Property)
- **Publication 547**, Casualties, Disasters, and Thefts
- **Publication 3067 (en-sp)**, IRS Disaster Assistance - Federally Declared Disaster Area (English/Spanish Version)

Additional resources include:

- www.disasterassistance.gov
- www.irs.gov/disasterrelief
- www.FEMA.gov