

HURRICANE KATRINA RELIEF

"EXTENSIONS AVAILABLE FOR TAXPAYERS IN §1031 EXCHANGES"



Compliments of

The IRS has announced special relief for taxpayers in the Presidential Disaster Areas that were affected by Hurricane Katrina. Taxpayers would have had until October 31, 2005 to file tax returns and submit tax payments for 2004, but the IRS updated IR-2005-96 extending the date to January 3, 2006 for performing "time sensitive acts". The IRS will abate any interest or late filing or payment of penalties that would have applied otherwise. This relief includes the September 15, 2005 due date for estimated taxes and for calendar year corporate returns that had automatic extensions for 2004.

PRESIDENTIALLY DECLARED DISASTER AREAS

As of September 9, 2005 the disaster areas designated for individual relief according to the updated IRS Press Release IR-2005-91, included 64 Louisiana parishes, 52 counties in Mississippi, 6 counties in Alabama and 3 counties in Florida.

45/180 DAY TIMELINES EXTENDED

Section 17 of IRB-2005-20 states that the last day of 45-day "Identification Period" and 180-day "Exchange Period" 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..."*

REQUIREMENTS FOR POSTPONEMENT

A taxpayer qualifies for postponement only 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" 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, amaged 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.

You should consult with your tax advisor to determine whether you are eligible for the relief and to obtain additional information with respect to your particular circumstances. Specific and current information regarding Hurricane Katrina can be accessed from the IRS website at www.irs.gov, or by calling 866-562-5227.

Tax relief is also available for those effected by Hurricane Rita (IR-2005-110). Visit www.irs.gov for more information.



ASSET PRESERVATION
INCORPORATED

National IRC §1031 "Qualified Intermediary"

National Headquarters

800-282-1031

Eastern Region Office

866-394-1031

apiexchange.com

info@apiexchange.com

Template # 87

Asset Preservation, Inc. does not give tax or legal advice. The information contained herein should not be relied upon as a substitute for tax or legal advice obtained from a competent tax and/or legal advisor.