

Finance Task Force Offers No Opinion on Disaster Tax Relief

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The final bipartisan Senate Finance Committee task force studying temporary tax policy couldn't reach consensus on whether taxpayers should get automatic tax relief after federally declared disasters.

In its [October 11 report](#), the task force considered the necessity of providing a core package of tax provisions or instead treating each disaster differently based on its impact on taxpayers and local economies.

The report comes as Senate taxwriters continue work on tax extender legislation ([S. 617](#)) introduced by Finance Committee Chair Chuck Grassley, R-Iowa, and committee ranking minority member Ron Wyden, D-Ore., that includes disaster tax relief provisions such as eliminating the penalty for early withdrawal from retirement funds. Grassley has also cosponsored separate legislation ([S. 1133](#)) that would provide tax relief for victims of disasters in 2019.

Members of the task force, led by Finance Committee members Richard Burr, R-N.C., and Michael F. Bennet, D-Colo., met with other senators, IRS officials, and stakeholders to examine whether disaster tax relief provisions enacted since 2002 should be made a permanent part of the tax code.

The task force also examined rules for the use of retirement funds; employee retention credits for businesses; expanded limits on qualified charitable losses; special rules for disaster-related personal casualty losses; and rules for determining earned income for the child tax credit and the earned income tax credit.

In meetings with the IRS, lawmakers discussed the agency's administrative challenges providing filing relief for individuals, businesses, tax-exempt organizations, and tax practitioners following a natural disaster.

The report notes that some stakeholders suggested that the IRS should be given the authority to automatically extend filing deadlines before a disaster to allow more focus on recovery efforts immediately after a disaster. Others suggested that Congress create an above-the-line deduction for charitable donations for disaster victims and waive the requirement that net losses exceed 10 percent of a taxpayer's adjusted gross income for disaster victims taking the casualty loss deduction.

The task force's report is the last of six reports on temporary tax policy released by the Finance Committee this year. The first three were [released in mid-August](#) and covered energy, cost

recovery, and individual tax policies. The fourth, on employment and community development, [arrived at the end of August](#). And the fifth, on health policy, was [released last month](#).

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