



April 19, 2018

Important Notice: Tax Relief for Victims of April 15, 2018 Tornadoes

On April 15, 2018, severe thunderstorms moved across the State, bringing straight-line winds, large hail, locally heavy rainfall, and tornado damage. As a result, several communities in Guilford and Rockingham Counties declared states of emergency. In addition, the storms left scattered damage in Mecklenburg, Iredell and Alamance Counties (collectively, “Affected Counties”).

North Carolina Tax Relief

General Statute 105-237(a) authorizes the Secretary of Revenue to waive or reduce any penalties provided for in Subchapter 1 of Chapter 105. The Department of Revenue’s (“Department”) Penalty Policy grants a waiver of penalties for automatic reasons to a taxpayer that is unable to comply with the law’s requirements to timely file a tax return or timely pay tax due because of a natural disaster, such as a tornado or hurricane.

The Department will waive any penalties assessed against individuals or businesses located in the Affected Counties with respect to the failure to timely obtain a license, file a return, or pay a tax that was due on or before April 18, 2018 if the license is obtained, the return or an extension application is filed, or the tax is paid by May 18, 2018. The waiver will be considered a waiver for automatic reasons and will not be considered as a waiver for good compliance, which can only be granted once every three years per tax type.

A taxpayer that is not in one of the Affected Counties will also be subject to the automatic waiver but must provide documents that support the taxpayer’s claim that the April 15, 2018 tornadoes were the cause for not timely obtaining the license, filing the return or extension application, or paying the tax.

State law prevents the Department from waiving any interest except in the limited case of interest on taxes imposed prior to or during a period for which a taxpayer has declared bankruptcy under Chapter 7 or Chapter 13 of Title 11 of the United States Code.

How to Obtain State Penalty Waivers

To assist the Department in identifying taxpayers whose licenses are obtained late, returns or extension application are filed late, or taxes are paid late because of the April 15, 2018 tornadoes, any taxpayer in one of the Affected Counties or a taxpayer outside of those counties that was impacted by the tornadoes to the extent that the taxpayer could not meet its filing or payment requirements should include Form NC-5500 with the late application for license, return, extension application, or payment if the application, return, extension application, or payment is mailed to the Department. [Form NC-5500](#) is available at all [Department offices](#) and at the [Department's website](#). Check the block for "natural disaster" and provide all of the required information. A taxpayer that does not have Form NC-5500 may attach a letter explaining why the application for license, return, extension application, or payment is late. If Form NC-5500 or a letter is not sent with the application for license, return, extension application, or payment that is mailed to the Department, or if the application, return, extension application, or payment is submitted to the Department electronically, Form NC-5500 can be completed and submitted later if the taxpayer is assessed a penalty. In that case, mail Form NC-5500 to the Department at the address on the form.

Important Note Regarding Applications for Extensions

An individual or corporate taxpayer generally receives an additional six months to timely file an income or franchise tax return if the application for extension is filed by the statutory due date of the return. Pursuant to this Notice, affected taxpayers can file an extension application on or before May 18, 2018 and the extension will be considered timely filed. Importantly, the extended due date to timely file the return remains six months from the statutory due date. For example, a calendar year income or franchise tax return with a statutory due date of April 15, 2018 will be considered timely filed by an affected taxpayer if the return is filed on or before October 15, 2018.

Of note, affected taxpayers who file an application for extension after April 18, 2018 and before May 19, 2018, may still receive a letter of denied extension from the Department. The affected taxpayer should notify the Department by correspondence that the extension application was timely filed within the period provided by the Secretary in this Notice. Documentation should be included to support the taxpayer's claim. Mail the correspondence to the Department at the address listed below.

Questions

If you have any questions about this Important Notice, you may call 1-877-252-3052 to speak to a customer service representative or write to Customer Service, PO Box 1168, Raleigh, NC 27602.