

FRANZEN & FRANZEN, LLP

CERTIFIED PUBLIC ACCOUNTANTS

March 23, 2023 – California Storms Extension

The IRS has issued four different disaster relief notices for storms in California. In brief, taxpayers who live in (or business taxpayers whose principal place of business is located in) any county in California except Lassen, Modoc, or Shasta, generally have until October 16, 2023, to file their federal income tax returns and pay any tax owed for the 2022 tax year. Additionally, first, second, and third quarter 2023 estimates can all be paid on October 16, 2023, without incurring late-payment penalties.

California has mostly conformed to the IRS's filing and payment deadline extensions.

You are eligible for automatic relief even if you were not directly harmed by the storms. The only requirement is that you live (or your business is located in) any county in California except for Lassen, Modoc, or Shasta.

If you are one of our clients and you are located in the county of Lassen, Modoc, or Shasta, or you are located outside of California, then you are also eligible for relief based on the fact that your tax professional is located in one of the California counties that falls under the disaster declaration. However, relief for you is not automatic. We must contact the IRS and request specific relief for you. If you live outside of California, your relief might be limited to your federal return only because your state might not allow a similar filing and payment extension.

Please keep the following key points in mind:

- The relief available to the vast majority of California taxpayers (business and individuals) is automatic and applies to all income tax return types, as well as gift and estate tax returns;
- Any payments due with your 2022 income tax returns, as well as first, second, and third quarter estimated tax payments for 2023, must be paid by October 16, 2023, to avoid late payment penalties;
- Individual taxpayers can make 2022 traditional IRA contributions and HSA contributions by October 16, 2023;
- Businesses can make 2022 employer matching and pension contributions up until October 16, 2023;
- Businesses taking advantage of passthrough entity elective tax provisions under California law can make their mandatory June 15, 2023, estimate by October 16, 2023; and
- Businesses have additional time to file payroll and excise tax returns, but payments and deposits cannot be delayed until October 16, 2023.

There are many variations and nuances associated with the multiple disaster declarations made by the IRS and the Franchise Tax Board. If you have any questions related to these rules or how they affect you, please contact our office.