

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Extension Requests

Slower approvals, emotional trauma and shortage of building materials, skilled labor, utilities and the other services for rebuilding add to the difficulty some taxpayers experience.

Isaac M. O'Bannon • Dec. 13, 2023



The [American Institute of CPAs](#) has submitted a comment letter to the Internal Revenue Service related to extension requests filed by disaster victims for business. Section 1033 of the Internal Revenue Code allows taxpayers who lose a home or business in a major disaster a certain amount of time to replace their property with

no taxable gain being recognized. The AICPA letter concerns extensions of that time

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

increase has led to delays in obtaining the section 1033 extension approvals, likely due to IRS staffing challenges in dealing with increased demand for the section 1033 extensions. Slower approvals, emotional trauma and shortage of building materials, skilled labor, utilities and the other services for rebuilding add to the difficulty some taxpayers experience.

The AICPA recommends the IRS extend the section 1033 replacement period using these steps:

- Acknowledge receipt of replacement period extension requests within 30 days.
- Render decisions on replacement period extension requests within 90 days of receipt by the IRS.
- Provide blanket automatic extensions for certain disasters that cause tremendous damage to most taxpayers in a particular area, such as caused by wildfires, category 3-5 hurricanes and tornadoes.
- Eliminate the requirement for taxpayers to provide a reason or justification for section 1033 extension requests, saving time and costs to taxpayers and the IRS in the IRS review and approval of the extensions.

Increased transparency was also addressed in the letter, citing specific action steps:

- Provide tax practitioners and taxpayers with an online tool to submit and monitor the status of section 1033 extension requests, contact IRS personnel to determine the status of such requests, and receive email notifications when decisions have been made.²
- Publicize the number of section 1033 extension requests received and approved each year.
- Increase education and website information regarding the availability and process for section 1033 extensions.

“If adopted, these recommendations will benefit taxpayers and tax practitioners by

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Taxes

CPA Practice Advisor is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2024 Firmworks, LLC. All rights reserved