

Hurricane Harvey: IRS offers payroll tax relief

Hurricane Harvey slammed into the Texas coast last weekend, leaving massive flooding and billions of dollars in damage in its wake.

The IRS announced some automatic payroll tax relief for Harvey victims:

- If your IRS address of record is located in the disaster area, you now have until Jan. 31, 2018, to file your third-quarter 941 form.
- In addition, the IRS is waiving late-deposit penalties for payroll tax deposits that are normally due on or after Aug. 23 and before Sept. 7, if those deposits are made by Sept. 7, 2017.

Heads up: If you receive a late filing or payment penalty that has an original or extended filing, payment or deposit due date that falls within the postponement period, call the number on the notice to have the penalty abated.

Nonautomatic tax relief for disaster victims

You can exclude these qualified disaster relief payments from employees' income. *Hitch:* Employees can't otherwise be compensated by insurance for these items.

- Reimbursements or payments employees incur for reasonable and necessary personal, family, living or funeral expenses
- Reimbursements or payments for reasonable and necessary expenses employees incur to repair or rehab their homes or to repair or replace their personal possessions.

Even better: Provided your payments reasonably match expenses, employees generally won't be required to account for their actual expenses.

Leave-based donations

It's only natural that employees everywhere want to help out. One easy way to do that is for employees to exchange the value of their accrued vacation, sick or personal leave for employer payments to tax-exempt relief organizations.

The value of the exchanged leave isn't included in employees' income, doesn't need to be reported on employees' W-2s and you can deduct those amounts as salary expenses or charitable contributions. Employees, however, can't take charitable deductions for the value of leave exchanged.

Best bet: Stick with well-known charities, such as the Red Cross, Salvation Army or United Way.

The IRS (yes, the IRS) has a search feature on its website, [Exempt Organizations Select Check](#), through which employees can find legitimate, qualified charities.

Legitimate charities can also be found on the Federal Emergency Management Agency website at [fema.gov](#).

Guard against disaster scammers

Scammers are always on the prowl and, sadly, disaster relief is no exception. Tell employees to be on their guard against bogus websites that purport to solicit funds for disaster victims. Scammers can also send emails that steer recipients to bogus websites that appear to be affiliated with legitimate charities.

Tougher than it sounds: Bogus websites frequently mimic the websites of, or use names similar to, legitimate charities, or claim to be affiliated with legitimate charities in order to persuade donors to send money or provide personal financial information. This information can then be used to steal donors' identity or empty their bank accounts.

Here are three more charitable donation basics to impart to employees:

- Don't give out personal financial information—such as Social Security numbers or credit card and bank account numbers and passwords—to anyone who solicits a contribution. Scam artists may use this information to steal an employee's identity and money.
- Don't give or send cash. For security and tax record purposes, contribute by check or credit card or another way that provides documentation of the gift.
- Do report suspected disaster-related frauds to the IRS. To find the web page to do so; type *report phishing* in the search box in the upper right corner of www.irs.gov.