

Notice 94-63, 1994-1 CB 373--IRC Sec(s).42

June 01, 1994

Part III - Administrative, Procedural, and Miscellaneous

The Internal Revenue Service is granting the relief provided in this notice to taxpayers who, as a result of the devastation caused by flooding in the cities and counties in Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota, and Wisconsin designated as disaster areas by the President, are unable to comply with certain requirements of the low-income housing credit under section 42 of the Internal Revenue Code. For a listing of those cities and counties and the dates and cause of the disaster designations, see Rev. Rul. 94-14, 1994-9 I.R.B. 38. This relief is being granted pursuant to the Service's authority under section 42(n) and section 1.42-13(a) of the Income Tax Regulations.

RELIEF FOR CARRYOVER ALLOCATIONS

Taxpayers who received a 1993 allocation of credit under section 42(h)(1)(E) before the flooding and who, as a result of the flooding, could not satisfy the requirement that more than 10 percent of the reasonably expected basis in the project be incurred by December 31, 1993, will be deemed to have satisfied this requirement if more than 10 percent of the reasonably expected basis in the project is incurred by June 30, 1994. In addition, taxpayers who received a 1991 allocation of credit under section 42(h)(1)(E) or (F) and who, as a result of the flooding, could not satisfy the requirement that the project be placed in service by December 31, 1993, will not lose the allocation otherwise allowable if the project is placed in service by December 31, 1994.

RELIEF FROM RECAPTURE

Pursuant to section 42(j)(4)(E), taxpayers owning buildings that are beyond the first year of the credit period and that, by reason of the flooding, would otherwise suffer recapture or loss of credit due to a reduction in qualified basis are not subject to recapture and loss of credit to the extent that the casualty losses are restored by reconstruction or replacement within a reasonable period. Credits claimed during the reconstruction or replacement period are based on the building's qualified basis at the close of the tax year that preceded the flooding.

RELIEF FROM COMPLIANCE MONITORING

If the requirements for certifications, supporting documents, or other information under section 42(m)(1)(B)(iii) could not be timely satisfied as a result of the flooding, an extension is granted through June 30, 1994, to satisfy these requirements.

OTHER RELIEF

Pursuant to the authority under section 42(n) and section 1.42-13(a), the Service will consider granting relief for other situations not covered by this notice that are brought to its attention.

DRAFTING INFORMATION

The principal author of this notice is David Selig of the Office of Assistant Chief Counsel (Passthroughs and Special Industries). For further information regarding this notice contact Mr. Selig on (202) 622-3040 (not a toll-free call).