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Disaster Relief Act Section 504(b)

Additional Disaster-Related Tax Relief Provisions

(a) TEMPORARY SUSPENSION OF LIMITATIONS ON CHARITABLE CONTRIBUTIONS.—

(1) **IN GENERAL.**—Except as otherwise provided in paragraph

(2), subsection (b) of section 170 of the Internal Revenue Code of 1986 shall not apply to qualified contributions and such contributions shall not be taken into account for purposes of applying subsections (b) and (d) of such section to other contributions.

(2) **TREATMENT OF EXCESS CONTRIBUTIONS.**—For purposes of section 170 of the Internal Revenue Code of 1986—

(A) **INDIVIDUALS.**—In the case of an individual—

(i) **LIMITATION.**—Any qualified contribution shall be allowed only to the extent that the aggregate of such contributions does not exceed the excess of the taxpayer's contribution base (as defined in subparagraph (G) of section 170(b)(1) of such Code) over the amount of all other charitable contributions allowed under section 170(b)(1) of such Code.

(ii) **CARRYOVER.**—If the aggregate amount of qualified contributions made in the contribution year (within the meaning of section 170(d)(1) of such Code) exceeds the limitation of clause (i), such excess shall be added to the excess described in the portion of subparagraph (A) of such section which precedes clause (i) thereof for purposes of applying such section.

(B) **CORPORATIONS.**—In the case of a corporation—

(i) **LIMITATION.**—Any qualified contribution shall be allowed only to the extent that the aggregate of such contributions does not exceed the excess of the taxpayer's taxable income (as determined under paragraph (2) of section 170(b) of such Code) over the amount of all other charitable contributions allowed under such paragraph.

(ii) **CARRYOVER.**—Rules similar to the rules of subparagraph (A)(ii) shall apply for purposes of this subparagraph.

(3) **EXCEPTION TO OVERALL LIMITATION ON ITEMIZED DEDUCTIONS.**—So much of any deduction allowed under section 170 of the Internal Revenue Code of 1986 as does not exceed the

qualified contributions paid during the taxable year shall not be treated as an itemized deduction for purposes of section 68 of such Code.

(4) QUALIFIED CONTRIBUTIONS.—

(A) IN GENERAL.—For purposes of this subsection, the term “qualified contribution” means any charitable contribution (as defined in section 170(c) of the Internal Revenue Code of 1986) if—

(i) such contribution—

(I) is paid during the period beginning on August 23, 2017, and ending on December 31, 2017, in cash to an organization described in section 170(b)(1)(A) of such Code, and

(II) is made for relief efforts in the Hurricane Harvey disaster area, the Hurricane Irma disaster area, or the Hurricane Maria disaster area,

(ii) the taxpayer obtains from such organization contemporaneous written acknowledgment (within the meaning of section 170(f)(8) of such Code) that such contribution was used (or is to be used) for relief efforts described in clause (i)(II), and

(iii) the taxpayer has elected the application of this subsection with respect to such contribution.

(B) EXCEPTION.—Such term shall not include a contribution by a donor if the contribution is—

(i) to an organization described in section 509(a)(3) of the Internal Revenue Code of 1986, or

(ii) for the establishment of a new, or maintenance of an existing, donor advised fund (as defined in section 4966(d)(2) of such Code).

(C) APPLICATION OF ELECTION TO PARTNERSHIPS AND S CORPORATIONS.—In the case of a partnership or S corporation, the election under subparagraph (A)(iii) shall be made separately by each partner or shareholder.

(b) SPECIAL RULES FOR QUALIFIED DISASTER-RELATED PERSONAL CASUALTY LOSSES.—

(1) IN GENERAL.—If an individual has a net disaster loss for any taxable year—

(A) the amount determined under section 165(h)(2)(A)(ii) of the Internal Revenue Code of 1986 shall be equal to the sum of—

(i) such net disaster loss, and

(ii) so much of the excess referred to in the matter preceding clause (i) of section 165(h)(2)(A) of such Code (reduced by the amount in clause (i) of this subparagraph) as exceeds 10 percent of the adjusted gross income of the individual,

(B) section 165(h)(1) of such Code shall be applied by substituting “\$500” for “\$500 (\$100 for taxable years



beginning after December 31, 2009)”,

(C) the standard deduction determined under section 63(c) of such Code shall be increased by the net disaster loss, and

(D) section 56(b)(1)(E) of such Code shall not apply to so much of the standard deduction as is attributable to the increase under subparagraph (C) of this paragraph.

(2) NET DISASTER LOSS.—For purposes of this subsection, the term “net disaster loss” means the excess of qualified disaster-related personal casualty losses over personal casualty gains (as defined in section 165(h)(3)(A) of the Internal Revenue Code of 1986).

(3) QUALIFIED DISASTER-RELATED PERSONAL CASUALTY LOSSES.—For purposes of this subsection, the term “qualified disaster-related personal casualty losses” means losses described in section 165(c)(3) of the Internal Revenue Code of 1986—

(A) which arise in the Hurricane Harvey disaster area on or after August 23, 2017, and which are attributable to Hurricane Harvey,

(B) which arise in the Hurricane Irma disaster area on or after September 4, 2017, and which are attributable to Hurricane Irma, or

(C) which arise in the Hurricane Maria disaster area on or after September 16, 2017, and which are attributable to Hurricane Maria.

(c) SPECIAL RULE FOR DETERMINING EARNED INCOME.—

(1) IN GENERAL.—In the case of a qualified individual, if the earned income of the taxpayer for the taxable year which includes the applicable date is less than the earned income of the taxpayer for the preceding taxable year, the credits allowed under sections 24(d) and 32 of the Internal Revenue Code of 1986 may, at the election of the taxpayer, be determined by substituting—

(A) such earned income for the preceding taxable year, for

(B) such earned income for the taxable year which includes the applicable date.

In the case of a resident of Puerto Rico determining the credit allowed under section 24(d)(1)(B)(ii) of such Code, the preceding sentence shall be applied by substituting “social security taxes (as defined in section 24(d)(2)(A) of the Internal Revenue Code of 1986)” for “earned income” each place it appears.

(2) QUALIFIED INDIVIDUAL.—For purposes of this subsection—

(A) IN GENERAL.—The term “qualified individual” means any qualified Hurricane Harvey individual, any qualified Hurricane Irma individual, and any qualified Hurricane Maria individual.

(B) QUALIFIED HURRICANE HARVEY INDIVIDUAL.—The term “qualified Hurricane Harvey individual” means any individual whose principal place of abode on August 23, 2017, was located—

- (i) in the Hurricane Harvey disaster zone, or
- (ii) in the Hurricane Harvey disaster area (but outside the Hurricane Harvey disaster zone) and such individual was displaced from such principal place of abode by reason of Hurricane Harvey.

(C) QUALIFIED HURRICANE IRMA INDIVIDUAL.—The term “qualified Hurricane Irma individual” means any individual (other than a qualified Hurricane Harvey individual) whose principal place of abode on September 4, 2017, was located—

- (i) in the Hurricane Irma disaster zone, or
- (ii) in the Hurricane Irma disaster area (but outside the Hurricane Irma disaster zone) and such individual was displaced from such principal place of abode by reason of Hurricane Irma.

(D) QUALIFIED HURRICANE MARIA INDIVIDUAL.—The term “qualified Hurricane Maria individual” means any individual (other than a qualified Hurricane Harvey individual or a qualified Hurricane Irma individual) whose principal place of abode on September 16, 2017, was located—

- (i) in the Hurricane Maria disaster zone, or
- (ii) in the Hurricane Maria disaster area (but outside the Hurricane Maria disaster zone) and such individual was displaced from such principal place of abode by reason of Hurricane Maria.

(3) APPLICABLE DATE.—For purposes of this subsection, the term “applicable date” means—

- (A) in the case of a qualified Hurricane Harvey individual, August 23, 2017,
- (B) in the case of a qualified Hurricane Irma individual, September 4, 2017, and
- (C) in the case of a qualified Hurricane Maria individual, September 16, 2017.

(4) EARNED INCOME.—For purposes of this subsection, the term “earned income” has the meaning given such term under section 32(c) of the Internal Revenue Code of 1986.

(5) SPECIAL RULES.—

(A) APPLICATION TO JOINT RETURNS.—For purposes of paragraph (1), in the case of a joint return for a taxable year which includes the applicable date—

- (i) such paragraph shall apply if either spouse is a qualified individual, and
- (ii) the earned income of the taxpayer for the preceding taxable year shall be the sum of the earned

income of each spouse for such preceding taxable year.

(B) UNIFORM APPLICATION OF ELECTION.—Any election made under paragraph (1) shall apply with respect to both sections 24(d) and 32, of the Internal Revenue Code of 1986.

(C) ERRORS TREATED AS MATHEMATICAL ERROR.—For purposes of section 6213 of the Internal Revenue Code of 1986, an incorrect use on a return of earned income pursuant to paragraph (1) shall be treated as a mathematical or clerical error.

(D) NO EFFECT ON DETERMINATION OF GROSS INCOME, ETC.—Except as otherwise provided in this subsection, the Internal Revenue Code of 1986 shall be applied without regard to any substitution under paragraph (1).

(d) APPLICATION OF DISASTER-RELATED TAX RELIEF TO POSSESSIONS OF THE UNITED STATES.—

(1) PAYMENTS TO UNITED STATES VIRGIN ISLANDS AND PUERTO RICO.—

(A) UNITED STATES VIRGIN ISLANDS.—The Secretary of the Treasury shall pay to the United States Virgin Islands amounts equal to the loss in revenues to the United States Virgin Islands by reason of the provisions of this title. Such amounts shall be determined by the Secretary of the Treasury based on information provided by the government of the United States Virgin Islands.

(B) PUERTO RICO.—The Secretary of the Treasury shall pay to Puerto Rico amounts estimated by the Secretary of the Treasury as being equal to the aggregate benefits that would have been provided to residents of Puerto Rico by reason of the provisions of this title if a mirror code tax system had been in effect in Puerto Rico. The preceding sentence shall not apply with respect to Puerto Rico unless Puerto Rico has a plan, which has been approved by the Secretary of the Treasury, under which Puerto Rico will promptly distribute such payments to its residents.

(2) DEFINITION AND SPECIAL RULES.—

(A) MIRROR CODE TAX SYSTEM.—For purposes of this subsection, the term “mirror code tax system” means, with respect to any possession of the United States, the income tax system of such possession if the income tax liability of the residents of such possession under such system is determined by reference to the income tax laws of the United States as if such possession were the United States.

(B) TREATMENT OF PAYMENTS.—For purposes of section 1324 of title 31, United States Code, the payments under this subsection shall be treated in the same manner as a refund due from a credit provision referred to in subsection (b)(2) of such section.

(C) COORDINATION WITH UNITED STATES INCOME

TAXES.—In the case of any person with respect to whom a tax benefit is taken into account with respect to the taxes imposed by any possession of the United States by reason of this title, the Internal Revenue Code of 1986 shall be applied with respect to such person without regard to the provisions of this title which provide such benefit.