

IRS Issues Participant Forms for 2016-2017 Disaster Relief Reporting

IRS has released Forms 8915A and 8915B for participants adversely affected by a 2016 or 2017 disaster to report a retirement plan distribution that qualifies for favorable tax treatment for the 2017 tax year. While participants are responsible for filing these forms, plan sponsors and administrators should be aware of them in case they wish to point participants in the right direction where they know individuals have taken disaster-related distributions.

Background

For extraordinary disasters, announcements of relief from the agencies provide more than the plain-vanilla extensions for filing forms and meeting benefit plan reporting obligations. The 2017 relief in connection with Hurricanes Harvey, Irma, and Maria — as well as the California wildfires — generally mimicked the extra relief announced in 2016 for victims of Hurricane Matthew and the Louisiana flooding in relaxing standards for processing hardship withdrawals and plan loans and allowing more time to adopt plan amendments. (See our [December 11, 2017 For Your Information](#).)

Following on the heels of the agency disaster relief, Congress, in the Disaster Tax Relief and Airport and Airway Extension Act of 2017 (see our [October 6, 2017 For Your Information](#)), included relief for victims of Hurricanes Harvey, Irma, and Maria from the 10% penalty on up to \$100,000 in distributions prior to age 59½ and provided the ability to stretch taxation over a three-year period. It also allowed for larger loans (up to \$100,000 or 100% of a participant's account) and offered extra time (one year) for repayments. In addition, the relief allowed participants to re-contribute previous distributions to buy or build a new home if no longer viable because of the disaster. The Bi-partisan Budget Act of 2018 added this same relief for victims of the California wildfires. (See our [February 9, 2018 Legislate](#).) And the Tax Reform Act of 2017 added similar relief for 2016 major disasters, including Hurricane Matthew and the Louisiana flooding disaster areas. (See our [December 20, 2017 Legislate](#).)



Reporting Qualified Disaster Distributions

IRS explains various forms of tax relief for disasters in [Publication 976](#). Included in the current version of that publication are explanations about the 2016 and 2017 disasters and differences in the available relief, including retirement plan distribution relief. For example, the 2017 disasters are eligible for expanded plan loan relief that is not available to the 2016 disasters.

IRS uses Form 8915 to allow plan participants to report disaster tax relief for their plan distributions and repayments. Qualified disaster distributions in 2016, such as those triggered by Hurricane Matthew or the Louisiana floods, are reported on [Form 8915A](#). Qualified disaster distributions in 2017 are reported on [Form 8915B](#) and require a participant to have been adversely affected by at least one of the following:

- Hurricane Harvey (includes Tropical Storm Harvey)
- Hurricane Irma
- Hurricane Maria
- The California wildfires

[Instructions for Form 8915B](#) provide details for completing the 2017 form for 2017 disasters, when and where to file. Separate [Instructions for Form 8915A](#) cover filling out the 2017 form for 2016 disasters.

In Closing

Participants — not plan sponsors or administrators — are responsible for filing these forms. Nevertheless, plan sponsors and administrators may wish to point participants in the right direction where they know that individuals have taken distributions due to these disasters.

Authors

Marjorie Martin, FSPA, EA, MAAA
Julia Zuckerman, JD

Produced by the Knowledge Resource Center of Conduent Human Resource Services

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