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Internal Revenue Manual Section 20.1.1.3.2.2.2 (11-21-2017)

Fire, Casualty, Natural Disaster, or Other Disturbance-Reasonable Cause

1. Determine if the taxpayer could not comply timely because the taxpayer was an "affected person" eligible for disaster relief as provided for in IRM 25.16.1.2, *Identification of Covered Disaster Area and Affected Taxpayers*. Also see IRM 20.1.1.3.3.6, *Official Disaster Area*.
2. For taxpayers not considered an "affected person," reasonable cause relief from a penalty may be requested if there was a failure to timely comply with a requirement to file a return or pay a tax as the result of a fire, casualty, natural disaster, or other disturbance. However, one of these circumstances by itself does not necessarily provide penalty relief.
3. Penalty relief may be appropriate if the taxpayer exercised ordinary business care and prudence, but due to circumstances beyond the taxpayer's control, he or she was unable to comply with the law.
4. Factors to consider include the following:
 - Timing
 - Effect on the taxpayer's business
 - Steps taken to attempt to comply
 - If the taxpayer complied when it became possible
5. The determination to grant relief from each penalty must be based on the facts and circumstances surrounding each individual case. Determine if the event resulted in a circumstance for which other penalty relief criteria may apply. For example, if the taxpayer was unable to access his or her records as the result of a fire. See IRM 20.1.1.3.2.2.3, *Unable to Obtain Records*. If the taxpayer, or responsible party, was unable to comply because he or she was hospitalized as the result of an accident. See IRM 20.1.1.3.2.2.1, *Death, Serious Illness, or Unavoidable Absence*.