



HB 3823 Hurricane Tax Relief Act

In an unprecedented two-week's time, US Representative Kevin Brady, Texas, passed through congress HB 3823 the Hurricane Tax Relief Act. The legislation was signed into law on September 29. The intent of the bill was to encourage employers, whose businesses were deemed "inoperable" due to damage sustained from Hurricane Harvey, to continue to pay their employees during the time the business closed or partially operating, by offering a tax credit on wages paid during the time the business was closed, partially operating or displaced until the primary location is repaired and operable.

Who Qualifies:

- Any business within the designated disaster area that sustained physical damage to their business and was closed or partially operable between August 23, 2017 – December 31, 2017. (This does not include businesses that were closed due to the storm.)

What Qualifies:

- Wages paid to employees for the time the business was closed or partially operating, or operating from a temporary location until primary location is repaired, within the August 23-December 31, 2017 time frame. This tax credit does not discriminate on type of work. So even if you paid them to stay home or help with clean up, it still qualifies. Independent contractors (1099s) do not qualify.

Tax Credit:

- 40% of wages paid to each employee, for a maximum tax credit of \$2400 per employee. There is no total dollar limit or limit on qualified employees for this tax credit. This is a dollar for dollar tax credit, not a deduction.

This tax credit will come on IRS form 5884-A. Please inquiry with your accountant about taking advantage of this tax credit.