

Part III. Administrative, Procedural, and Miscellaneous

Disaster Relief With Respect to Air Transportation Excise Taxes

Notice 2001-77

This notice provides additional tax relief under section 301(a) of the Air Transportation Safety and System Stabilization Act (the Act), Pub. L. No. 107-42, 115 Stat. 236, and informs taxpayers of a change that will be made to the regulations under § 6071 of the Internal Revenue Code.

Section 301(a) of the Act provides relief to eligible air carriers with respect to the deposit of taxes imposed by subchapter C of chapter 33 of the Code (the air transportation excise taxes). Under section 301(a) of the Act, any deposit of those taxes required to be made by an eligible air carrier after September 10, 2001, and before November 15, 2001, shall be treated for purposes of the Code as timely made if the deposit is made on or before November 15, 2001. Section 301(a) of the Act also provides that the Secretary of the Treasury may extend the November 15, 2001, date to January 15, 2002.

Section 6071 of the Code provides that the Secretary may prescribe the time for filing any return by regulations when that time is not prescribed in the Code. Section 40.6071(a)-2 of the Excise Tax Procedural Regulations, as in effect for calendar quarters beginning before October 1, 2001, provides that returns of the air transportation excise taxes for the third calendar quarter of 2001 are due by November 30, 2001. Under § 6151 of the Code, the tax shown or required to be shown on the return must be paid by the due date of the return.

Under the authority granted to the Secretary of the Treasury in section 301(a) of the Act, any deposit of air transportation excise taxes required to be made by an eligible air carrier after September 10, 2001, and before January 15, 2002, shall be treated for purposes of the Code as timely made if the deposit is made on or before January 15, 2002.

In addition, under the authority granted the Secretary in § 6071 of the Code, the Service and Treasury Depart-

ment will issue regulations changing the due date of certain returns filed by eligible air carriers. Under these regulations, an eligible air carrier's Form 720, *Quarterly Federal Excise Tax Return*, for the third calendar quarter of 2001 will be due by January 15, 2002. Consequently, the time for paying the air transportation excise taxes shown or required to be shown on the return also will be deferred. Under § 6151 of the Code, an eligible air carrier will be required to pay such taxes for the third calendar quarter of 2001 by January 15, 2002.

Eligible air carriers that believe that they are entitled to relief under this notice should mark "Notice 2001-77" in red ink at the top of their return and other documents submitted to the IRS.

The principal author of this notice is Susan Athy of the Office of Associate Chief Counsel (Passthroughs and Special Industries). For further information regarding this notice, please contact Ms. Athy at (202) 622-3130 (not a toll-free call).

Disaster Relief Distributions by Charities to Victims of September 11, 2001, Terrorist Attacks

Notice 2001-78

Several charities have raised questions about the practical application of existing legal standards for distributing funds to victims of the September 11, 2001, terrorist attacks against the United States. The Internal Revenue Service recognizes the unique circumstances caused by this tragedy and wishes to alleviate concerns that might otherwise delay relief to victims.

Congress is considering clarifying legislation in this area. While Congress is considering legislation, the Service recognizes the need to provide interim guidance to charities regarding payments made by reason of the death, injury, or wounding of an individual incurred as a result of the September 11, 2001, terrorist attacks against the United States. Accordingly, the Service will treat such payments made by a charity to individuals

and their families as related to the charity's exempt purpose provided that the payments are made in good faith using objective standards.

This administrative treatment will continue to apply to any payments made to such individuals before the earlier of final legislative action addressing these issues or December 31, 2002. The Service will consider what, if any, additional guidance is needed in this area.

Organizations that have questions concerning this notice may contact Marvin Friedlander at (202) 283-2300 (not a toll-free number).

Rent Holidays for Qualified Aircraft Leases

Notice 2001-79

PURPOSE

This notice provides tax relief under § 467 of the Internal Revenue Code for certain aircraft leases entered into or modified during the period beginning on September 11, 2001, and ending on June 28, 2002. On September 11, 2001, terrorists used commercial airliners to damage the Pentagon and to destroy the two World Trade Center towers and other buildings in the World Trade Center complex. They also caused the crash of a commercial airliner in Pennsylvania. In response to dislocations in the aviation industry resulting from these attacks, the Air Transportation Safety and System Stabilization Act (the Act), Pub. L. No. 107-42, established a loan guarantee program for air carriers. The purpose of the program is to assist air carriers who suffered losses due to the terrorist attacks and to whom credit is not otherwise reasonably available, in order to facilitate a safe, efficient, and viable commercial aviation system. Office of Management and Budget regulations implementing the loan guarantee program provide that applications to be included in the program must be received on or before June 28, 2002. The regulations specify a number of factors to be considered in evaluating applications, including whether the applicant's creditors have made concessions