

■

## Where can I get copies of my financial records and other important documents that were lost or destroyed due to a casualty?

Fortunately, you can get copies of many important records. For example, contact your bank for bank statements, the county clerk for real estate records, and your tax preparer or the IRS for federal tax returns.

To get a free copy or transcript of your prior years' Forms 1040, 1040A, or 1040EZ, send a completed Form 4506, *Request for Copy or Transcript of Tax Form*, to the IRS address where you filed your tax return.

■

## Where can I get more information on casualty losses?

Start with Publication 2194, *Disaster Losses Kit for Individuals - Help From the IRS*, or Publication 2194B, *Disaster Losses Kit for Businesses - Help From the IRS*. They have information about IRS tax services, forms and publications to help individuals and business owners with their loss. In addition to the following forms and publications, there are other materials in these kits that may help you determine your loss.

**Form 1040X**, *Amended U.S. Individual Income Tax Return*

**Form 1120X**, *Amended U.S. Corporation Income Tax Return*

**Form 4684**, *Casualties and Thefts*

**Pub 536**, *Net Operating Losses (NOLs) for Individuals, Estates, and Trusts*

**Pub 547**, *Casualties, Disasters, and Thefts*

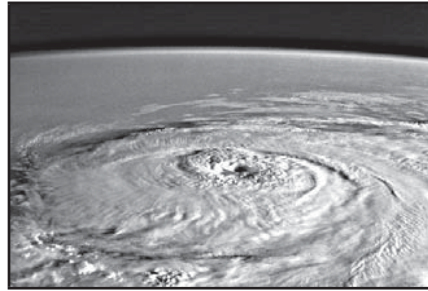
**Pub 584**, *Casualty, Disaster, and Theft Loss Workbook (Personal-Use Property)*

**Pub 584B**, *Business Casualty, Disaster, and Theft Loss Workbook*

You may download and print IRS forms and publications from the Internet at [www.irs.gov](http://www.irs.gov) or call the IRS at 1-800-829-3676 (1-800-TAX-FORM) to order free forms and publications.

From a fax machine, dial (703) 368-9694 and follow the voice prompts to get tax forms faxed to you. This is not a toll-free call.

If you have access to teletypewriter/telecommunications device for the deaf (TTY/TDD) equipment, you can call 1-800-829-4059 to ask tax questions or to order forms and publications.



*Often your tax questions can be answered by reading tax publications and related forms. When you need more information, call the IRS at 1-800-829-1040 for assistance.*

# DISASTER



# LOSSES

---

## HELP FROM THE IRS

## **T**his brochure highlights federal tax treatment of disaster area losses for individuals and business owners.

*A number of tax laws allow the IRS to grant relief to taxpayers who are victims of a Presidentially-declared disaster. This relief includes:*

- *postponing tax deadlines to provide you with extra time to file and pay before you will be assessed any penalty, additional amount, or addition to the tax.*
- *abating your interest for periods for which you received an extension of time to file tax returns and pay taxes because you were located in a Presidentially-declared disaster area.*

*In case of a Presidentially-declared disaster, the IRS will issue a notice or news release that describes the relief available for a specific disaster. In addition to the relief provided by IRS, certain tax laws apply directly to victims of a Presidentially-declared disaster by:*

- *allowing you to use an appraisal that you used to get a federal loan or federal loan guarantee, due to a Presidentially-declared disaster, to establish the amount of a disaster.*
- *allowing a farmer who sells livestock and poultry due to a drought, flood, or other weather-related condition, to choose to include income from the sale in the tax year following the tax year of the sale. Sales made before the area became eligible for federal assistance qualify if the weather-related condition that caused the sale also caused the area to be designated as eligible for federal assistance.*

### **What is a casualty loss for tax purposes?**

A casualty is the damage, destruction, or loss of property resulting from an identifiable event that is sudden, unexpected, or unusual. Deductible casualty losses can result from earthquakes, fires, floods, hurricanes, vandalism or similar events.

Your unreimbursed loss from a casualty may be deductible on your tax return for the year the casualty occurred. If the loss happened in an area the President designated a disaster area, you may not have to wait until the end of the year to file a tax return and claim the loss. You may be able to file an amended return for the year before the disaster, right now, and get a refund of taxes you have already paid.

### **Where do I start when I have a casualty loss?**

You need to know the amount of your loss. This can be difficult to determine, but it is worth the effort. In general, you make a list of your damaged, lost, or destroyed property. For each item, you need to know its adjusted basis before the casualty and the decrease in its value due to the casualty. Normally, your loss is the smaller of these amounts. For business property completely destroyed, use its adjusted basis as your loss.

In some cases, you may be able to use the cost of cleaning up or making repairs, or an appraisal used in obtaining a federal loan or federal loan guarantee, to establish the decrease in the fair market value of your property.

IRS Publication 547, Casualties, Disasters, and Thefts, gives you more information regarding your loss, and Form 4684, Casualties and Thefts, gives you step-by-step instructions on how to figure your deductible loss.

### **How will insurance affect my loss?**

When figuring your casualty loss, reduce the loss by any insurance reimbursement you receive or expect to receive. If you had insurance coverage at the time of the casualty, but did not file a claim, you can deduct only the amount of the loss that the insurance would not have covered (for example, the insurance deductible).

If the insurance company pays you more than your adjusted basis, you will have a gain from the casualty. Usually, that gain is taxable for the year that you receive it. However, you may be able to postpone reporting the gain if you buy property similar or related in service or use to the destroyed property within a specified period. See Publication 547 for details.

### **My casualty loss is greater than my insurance coverage. Is there any tax relief available to me?**

You may be able to get a tax refund by filing an amended return right now. It works like this:

If your loss was in an area the President declared a disaster area, you may choose to deduct the loss on an amended return for the tax year immediately preceding the tax year in which the disaster occurred. If you choose to file an amended return, you may qualify for a refund now without having to wait until you file your return for this year.