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Internal Revenue Service

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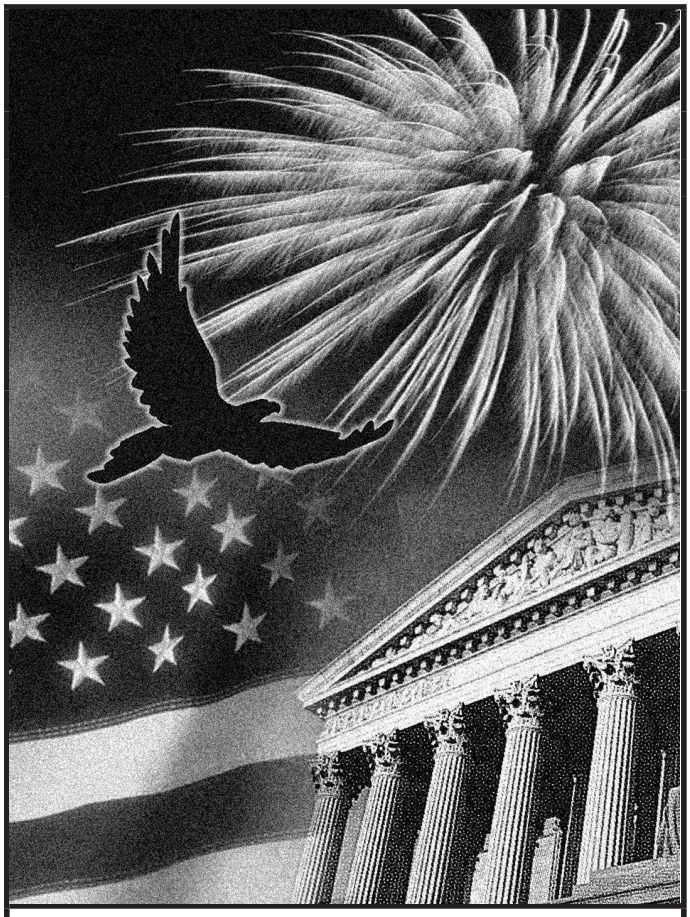
Business Casualty, Disaster, and Theft Loss Workbook



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Introduction

This workbook is designed to help you figure your loss on business and income-producing property in the event of a disaster, casualty, or theft. It contains schedules to help you figure the loss to your office furniture and fixtures, information systems, motor vehicles, office supplies, buildings, and equipment. These schedules, however, are for your information only. You must complete Form 4684, Casualties and Thefts, to report your loss.

How To Use This Workbook

You can use this workbook by following these five steps.

1. Read Publication 547 to learn about the tax rules for casualties, disasters, and thefts.
2. Know the definitions of adjusted basis and fair market value, discussed below.
3. Fill out Schedules 1 through 6.
4. Read the instructions for Form 4684.
5. Fill out Form 4684 using the information you entered in Schedules 1 through 6.

Use the chart below to find out how to use Schedules 1 through 6 to fill out Form 4684.

Take what's in each row of...	And enter it on Form 4684...
Column 1	Line 19
Column 2	Line 20
Column 3	Line 21
Column 4	Line 22
Column 5	Line 23
Column 6	Line 24
Column 7	Line 25
Column 8	Line 26
Column 9	Line 27

Adjusted basis. Adjusted basis usually means original cost plus improvements, minus depreciation allowed or allowable (including any section 179 expense deduction), amortization, depletion, etc. If you did not acquire the property by purchasing it, your basis is determined as discussed in Publication 551, Basis of Assets.

Fair market value. Fair market value is the price for which you could sell your property to a willing buyer, when neither of you has to sell or buy and both of you know all the relevant facts. When filling out Schedules 1 through 6, you need to know the fair market value of the property immediately before and immediately after the disaster or casualty.

Deduction limits. If your casualty or theft loss involved a home you used for business or rented out, your deductible loss may be limited. See the instructions for Section B of Form 4684. If the casualty or theft loss involved property used in a passive activity, see Form 8582, Passive Activity Loss Limitations, and its instructions.

The casualty and theft loss deduction for employee property, when added to your job expenses and most other miscellaneous itemized

deductions on Schedule A (Form 1040), must be reduced by 2% of your adjusted gross income. Employee property is property used in performing services as an employee.

Comments and suggestions. We welcome your comments about this publication and your suggestions for future editions.

You can write to us at the following address:

Internal Revenue Service
Individual Forms and Publications Branch
SE:W:CAR:MP:T:I
1111 Constitution Ave. NW, IR-6526
Washington, DC 20224

We respond to many letters by telephone. Therefore, it would be helpful if you would include your daytime phone number, including the area code, in your correspondence.

You can email us at **taxforms@irs.gov*. (The asterisk must be included in the address.) Please put "Publications Comment" on the subject line. Although we cannot respond individually to each email, we do appreciate your feedback and will consider your comments as we revise our tax products.

Ordering forms and publications. Visit *www.irs.gov/formspubs* to download forms and publications, call 1-800-829-3676, or write to the address below and receive a response within 10 days after your request is received.

National Distribution Center
P.O. Box 8903
Bloomington, IL 61702-8903

Tax questions. If you have a tax question, check the information available on *www.irs.gov* or call 1-800-829-1040. We cannot answer tax questions sent to either of the above addresses.

How To Get Tax Help

You can get help with unresolved tax issues, order free publications and forms, ask tax questions, and get information from the IRS in several ways. By selecting the method that is best for you, you will have quick and easy access to tax help.

Contacting your Taxpayer Advocate. The Taxpayer Advocate Service (TAS) is an independent organization within the IRS whose employees assist taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should.

You can contact the TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059 to see if you are eligible for assistance. You can also call or write to your local taxpayer advocate, whose phone number and address are listed in your local telephone directory and in Publication 1546, Taxpayer Advocate Service – Your Voice at the IRS. You can file Form 911, Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance Order), or ask an IRS employee to complete it on your behalf. For more information, go to *www.irs.gov/advocate*.

Taxpayer Advocacy Panel (TAP). The TAP listens to taxpayers, identifies taxpayer issues, and makes suggestions for improving IRS services and customer satisfaction. If you have suggestions for improvements, contact the TAP, toll free at 1-888-912-1227 or go to *www.improveirs.org*.

Low Income Taxpayer Clinics (LITCs). LITCs are independent organizations that provide low income taxpayers with representation in federal tax controversies with the IRS for free or for a nominal charge. The clinics also provide tax education and outreach for taxpayers with limited English proficiency or who speak English as a second language. Publication 4134, Low Income Taxpayer Clinic List, provides information on clinics in your area. It is available at *www.irs.gov* or at your local IRS office.

Free tax services. To find out what services are available, get Publication 910, IRS Guide to Free Tax Services. It contains a list of free tax publications and describes other free tax information services, including tax education and assistance programs and a list of TeleTax topics.

Accessible versions of IRS published products are available on request in a variety of alternative formats for people with disabilities.

Internet. You can access the IRS website at *www.irs.gov* 24 hours a day, 7 days a week to:

- *E-file* your return. Find out about commercial tax preparation and *e-file* services available free to eligible taxpayers.
- Check the status of your refund. Click on *Where's My Refund*. Wait at least 6 weeks from the date you filed your return (3 weeks if you filed electronically). Have your tax return available because you will need to know your social security number, your filing status, and the exact whole dollar amount of your refund.
- Download forms, instructions, and publications.
- Order IRS products online.
- Research your tax questions online.
- Search publications online by topic or keyword.
- View Internal Revenue Bulletins (IRBs) published in the last few years.
- Figure your withholding allowances using the withholding calculator online at *www.irs.gov/individuals*.
- Determine if Form 6251 must be filed using our Alternative Minimum Tax (AMT) Assistant.
- Sign up to receive local and national tax news by email.
- Get information on starting and operating a small business.

Phone. Many services are available by phone.

- *Ordering forms, instructions, and publications.* Call 1-800-829-3676 to order current-year forms, instructions, and publications, and prior-year forms and instructions. You should receive your order within 10 days.
- *Asking tax questions.* Call the IRS with your tax questions at 1-800-829-1040.
- *Solving problems.* You can get face-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. Call your local Taxpayer Assistance Center for an appointment. To find the number, go to *www.irs.gov/localcontacts* or look in the phone book under *United States Government, Internal Revenue Service*.
- *TTY/TDD equipment.* If you have access to TTY/TDD equipment, call 1-800-829-4059 to ask tax questions or to order forms and publications.
- *TeleTax topics.* Call 1-800-829-4477 to listen to pre-recorded messages covering various tax topics.
- *Refund information.* To check the status of your refund, call 1-800-829-4477 and press 1 for automated refund information or call 1-800-829-1954. Be sure to wait at least 6 weeks from the date you filed your return (3 weeks if you filed electronically). Have your tax return available because you will need to know your social security number, your filing status, and the exact whole dollar amount of your refund.

Evaluating the quality of our telephone services. To ensure IRS representatives give accurate, courteous, and professional answers, we use several methods to evaluate the quality of our telephone services. One method is for a second IRS representative to listen in on or record random telephone calls. Another is to ask some callers to complete a short survey at the end of the call.

Walk-in. Many products and services are available on a walk-in basis.

- *Products.* You can walk in to many post offices, libraries, and IRS offices to pick up certain forms, instructions, and publications. Some IRS offices, libraries, grocery stores, copy centers, city and county government offices, credit unions, and office supply stores have a collection of products available to print from a CD or photocopy from reproducible proofs. Also, some IRS offices and libraries have the Internal Revenue Code, regulations, Internal Revenue Bulletins, and Cumulative Bulletins available for research purposes.
- *Services.* You can walk in to your local Taxpayer Assistance Center every business day for personal, face-to-face tax help. An employee can explain IRS letters,

request adjustments to your tax account, or help you set up a payment plan. If you need to resolve a tax problem, have questions about how the tax law applies to your individual tax return, or you're more comfortable talking with someone in person, visit your local Taxpayer Assistance Center where you can spread out your records and talk with an IRS representative face-to-face. No appointment is necessary, but if you prefer, you can call your local Center and leave a message requesting an appointment to resolve a tax account issue. A representative will call you back within 2 business days to schedule an in-person appointment at your convenience. To find the number, go to *www.irs.gov/localcontacts* or look in the phone book under *United States Government, Internal Revenue Service*.

Mail. You can send your order for forms, instructions, and publications to the address below. You should receive a response within 10 days after your request is received.

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CD/DVD for tax products. You can order Publication 1796, IRS Tax Products CD/DVD, and obtain:

- Current-year forms, instructions, and publications.
- Prior-year forms, instructions, and publications.
- Bonus: Historical Tax Products DVD - Ships with the final release.
- Tax Map: an electronic research tool and finding aid.
- Tax law frequently asked questions.
- Tax Topics from the IRS telephone response system.
- Fill-in, print, and save features for most tax forms.
- Internal Revenue Bulletins.
- Toll-free and email technical support.
- The CD which is released twice during the year.

Purchase the CD/DVD from National Technical Information Service (NTIS) at *www.irs.gov/cdorders* for $35 (no handling fee) or call 1-877-CDFORMS (1-877-233-6767) toll free to buy the CD/DVD for $35 (plus a $5 handling fee). Price is subject to change.

CD for small businesses. Publication 3207, The Small Business Resource Guide CD, is a must for every small business owner or any taxpayer about to start a business. This year's CD includes:

- Helpful information, such as how to prepare a business plan, find financing for your business, and much more.
- All the business tax forms, instructions, and publications needed to successfully manage a business.
- Tax law changes.
- Tax Map: an electronic research tool and finding aid.
- Web links to various government agencies, business associations, and IRS organizations.
- "Rate the Product" survey—your opportunity to suggest changes for future editions.
- A site map of the CD to help you navigate the pages of the CD with ease.
- An interactive "Teens in Biz" module that gives practical tips for teens about starting their own business, creating a business plan, and filing taxes.

An updated version of this CD is available each year in early April. You can get a free copy by calling 1-800-829-3676 or by visiting *www.irs.gov/smallbiz*.

Schedule 1. **Office Furniture and Fixtures**

(1) Item	(2) Cost or other basis	(3) Insurance or other reimbursement	(4) Gain from casualty or theft [1]	(5) Fair market value before casualty	(6) Fair market value after casualty	(7) Column (5) minus column (6)	(8) Smaller of column (2) or column (7) [2]	(9) Casualty/Theft Loss (column (8) minus column (3)) [3]
Example								
Bookcase	*250.00*	*50.00*	*.00*	*150.00*	*.00*	*150.00*	*250.00*	*200.00*
Chair	*695.00*	*375.00*	*.00*	*500.00*	*200.00*	*300.00*	*300.00*	*-0-*
Desk	*425.00*	*480.00*	*55.00*					
Bookcase								
Book								
Chair								
Desk								
File cabinet								
Lamp								
Partition								
Sofa								
Table								

[1] If column (3) is greater than column (2), enter the difference here and skip columns (5) through (9) for that item.

[2] If the property was completely destroyed or stolen, enter in column (8) the amount from column (2).

[3] If zero or less, enter -0-.

Schedule 2. **Information Systems**

(1) Item	(2) Cost or other basis	(3) Insurance or other reimbursement	(4) Gain from casualty or theft [1]	(5) Fair market value before casualty	(6) Fair market value after casualty	(7) Column (5) minus column (6)	(8) Smaller of column (2) or column (7) [2]	(9) Casualty/Theft Loss (column (8) minus column (3)) [3]
Computer								
Disc drive								
Disc file								
Fax machine								
Hub								
Keyboard								
Modem								
Monitor								
Mouse								
Optical character reader								
Printer								
Router								
Scanner								
Server								
Software								
Surge protector								
Tape drive								

[1] If column (3) is greater than column (2), enter the difference here and skip columns (5) through (9) for that item.

[2] If the property was completely destroyed or stolen, enter in column (8) the amount from column (2).

[3] If zero or less, enter -0-.

Schedule 3. **Motor Vehicles**

(1) Vehicle (year, make, and model)	(2) Cost or other basis	(3) Insurance or other reimbursement	(4) Gain from casualty or theft [1]	(5) Fair market value before casualty	(6) Fair market value after casualty	(7) Column (5) minus column (6)	(8) Smaller of column (2) or column (7) [2]	(9) Casualty/Theft Loss (column (8) minus column (3)) [3]

[1] If column (3) is greater than column (2), enter the difference here and skip columns (5) through (9) for that item.

[2] If the property was completely destroyed or stolen, enter in column (8) the amount from column (2).

[3] If zero or less, enter -0-.

Schedule 4. **Office Supplies**

(1) Item	(2) Cost or other basis	(3) Insurance or other reimbursement	(4) Gain from casualty or theft [1]	(5) Fair market value before casualty	(6) Fair market value after casualty	(7) Column (5) minus column (6)	(8) Smaller of column (2) or column (7) [2]	(9) Casualty/Theft Loss (column (8) minus column (3)) [3]
Calendar								
Correction fluid								
Envelopes								
File folders								
Glue								
Hole puncher								
Paper								
Paperclips								
Pencils								
Pens								
Ruler								
Scissors								
Stamp pad								
Stapler								
Staples								
Tape								

[1] If column (3) is greater than column (2), enter the difference here and skip columns skip columns (5) through (9) for that item.

[2] If the property was completely destroyed or stolen, enter in column (8) the amount from column (2).

[3] If zero or less, enter -0-.

Schedule 5. **Building, Building Components, and Land**

(1) Item	(2) Cost or other basis	(3) Insurance or other reimbursement	(4) Gain from casualty or theft [1]	(5) Fair market value before casualty	(6) Fair market value after casualty	(7) Column (5) minus column (6)	(8) Smaller of column (2) or column (7) [2]	(9) Casualty/Theft Loss (column (8) minus column (3)) [3]
Air conditioning unit								
Building								
Central air conditioning								
Fan								
Fence								
Generator								
Heating system								
Heating unit								
Landscaping								
Lighting system								
Plumbing system								
Roof								
Security System								
Wall-to-wall carpet								

[1] If column (3) is greater than column (2), enter the difference here and skip columns (5) through (9) for that item.

[2] If the property was completely destroyed or stolen, enter in column (8) the amount from column (2).

[3] If zero or less, enter -0-.

Schedule 6. **Equipment**

(1) Item	(2) Cost or other basis	(3) Insurance or other reimbursement	(4) Gain from casualty or theft [1]	(5) Fair market value before casualty	(6) Fair market value after casualty	(7) Column (5) minus column (6)	(8) Smaller of column (2) or column (7) [2]	(9) Casualty/Theft Loss (column (8) minus column (3)) [3]
Accounting machine								
Calculator								
Clock								
Copier								
Duplicating equipment								
DVD								
Microwave oven								
Paper shredder								
Radio								
Safe								
Telephone								
Television								
Typewriter								

[1] If column (3) is greater than column (2), enter the difference here and skip columns (5) through (9) for that item.

[2] If the property was completely destroyed or stolen, enter in column (8) the amount from column (2).

[3] If zero or less, enter -0-.