



## Disaster Relief

Several recent laws affect disaster relief for taxpayers. What does that mean for you? The *Tax Cuts and Jobs Act* (TCJA) removes the deductions for casualty and thefts, except for losses from disasters covered by specific federal disaster declarations. On the other hand, the limitations to casualty losses for some declared disasters are reduced. So, you have relief in fewer situations, but the relief comes closer to making you whole again.

If you have damage from a federally declared disaster, your loss is the lesser of your basis in the property or the decrease in the fair market value of the property due to the event. This is generally an itemized deduction, subject to limitations. The deduction is allowed to the extent that the total unreimbursed loss exceeds \$100 and to the extent that it exceeds 10% of your adjusted gross income. What does this mean in light of the TCJA? Fewer people will itemize under the new law, making it less likely that they'll deduct the loss. These rules, however, are suspended for a few particularly large disasters. These disasters include:

- Hurricane Harvey, Aug. 23, 2017
- Hurricane Irma, Sept. 4, 2017
- Hurricane Maria, Sept. 16, 2017
- Qualified 2016 disaster areas
- California wildfires, Oct. 8, 2017 through Jan. 18, 2018

For these disasters, the deduction is not limited by 10% of AGI, but the \$100 floor is increased to \$500. The biggest

change is that the deduction is not an itemized deduction. Essentially, your standard deduction is increased by the disaster loss.

Information about federally declared disaster areas is available on the IRS website at [www.irs.gov/individuals/tax-law-provisions-for-disaster-areas](http://www.irs.gov/individuals/tax-law-provisions-for-disaster-areas) and FEMA's website at [www.fema.gov](http://www.fema.gov). Check back often to see if the federal government added additional storms to the list, including Hurricanes Florence and Olivia.

If these disasters affect you, give me a call and we can determine the best solution for you to recover your losses.

## Important Tax Dates and Information

- Oct. 15, 2018 – Extended individual and C corporation tax returns due.
- Hurricane Florence victims in parts of North Carolina and elsewhere have until Jan. 31, 2019, to file certain individual and business tax returns and make certain tax payments.

## Tax Notes

The *Tax Cuts and Jobs Act* added a hazardous duty area to the map. The Sinai Peninsula of Egypt is now treated as if it were a combat zone effective June 9, 2015. If you have served on the Sinai Peninsula since 2015, your pay may be nontaxable. If the service was for a prior year, come see me and we can file an amended return.

## Did You Know?

October is Adopt a Shelter Dog Month. To see some good dogs, follow @dog\_rates on Twitter. Cat lovers can follow @emergencykittens for pictures of adorable cats.

## Quote Corner

“Only I can change my life.  
No one can do it for me.”

~ Carol Burnett

