

Use Cleanup and Repair Costs to Show Flood Damage

A Tax Guide for 2010 Flood Victims- Issue 8

Federal disaster area counties: Benton, Cannon, Carroll, Cheatham, Chester, Clay, Crockett, Davidson, Decatur, Dyer, DeKalb, Dickson, Fayette, Gibson, Giles, Hardeman, Hardin, Haywood, Henderson, Hickman, Houston, Jackson, Humphreys, Lauderdale, Lawrence, Lewis, Macon, Madison, Marshall, Maury, McNairy, Montgomery, Obion, Perry, Putnam, Robertson, Rutherford, Shelby, Smith, Stewart, Sumner, Tipton, Trousdale, Wayne, Williamson and Wilson.

Special tax rules apply to everyone living in these 46 counties. This part may help you if you had storm or flood damage. Don't live in one of these counties? Then talk to a tax expert or go to the IRS web site at www.irs.gov.

Repair and Cleanup Costs

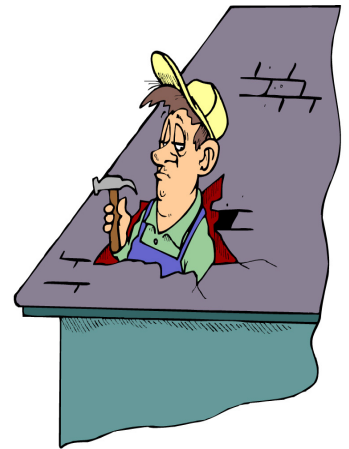


Before you read this, read **Claiming a Casualty Loss on Your Tax Return** of this Tax Guide. It explains that an appraisal is the best way to show what flood damage cost you. An **appraisal** is when an expert decides what the property is worth.

Can't get an appraisal? Then you can use the cost of repair and cleanup to show the flood damage. This can help if you have to redo your landscaping after the flood.

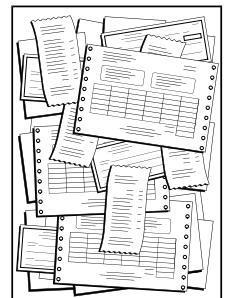
Rules for using repair and cleanup costs

1. The repairs must make the property like it was before the flood.
2. The cost must be reasonable.
3. The repairs **can't** make the property worth more than it was before the flood.



You need proof

You must pay for the repairs. You must keep receipts, invoices or other papers that show what you spent. You will need to show this proof to the IRS.



Legal Aid Society

of Middle Tennessee and the Cumberland

1-800-238-1443 It's a free call.

On the internet at www.las.org

NOTE: This information was written by Robert B. Nadler, a lawyer with Legal Aid Society. It cannot take the place of advice from a lawyer. Each case is different and needs individual legal advice.