

# Casualty Losses in 7 Steps

## How to Claim Flood Losses on Your Federal Income Tax Return

### A Tax Guide for 2011 Flood/Storm Victims - Issue 1

**Do you live in a Disaster Relief County?** 26 Tennessee counties have been declared disaster relief counties areas. Need the list? Go to [www.las.org](http://www.las.org) on the internet. Look under "News you can use" and click on the link to the Tax Guide. **Special tax rules** apply to everyone living in these disaster counties. This is true even if you didn't have storm or flood damage. Don't live in one of these counties? Then you may want to talk to a tax expert. Or go to the IRS web site at [www.irs.gov](http://www.irs.gov).

Casualty Losses in 7 Steps is a summary of the steps to claim a casualty loss. The other issues in this guide contain more information about each of the 7 steps.

#### Step 1. Locate Your Past Tax Returns.

Did you lose your copies of your tax returns in the flood? Most of the time, the IRS charges \$57 for each copy. If you live in one of the disaster counties, you can get the copies for **free**. It is a good idea to order the copies. You will need to know what taxes you paid in past years. Then you can decide the best way to claim your flood loss. Use IRS Form 4506 to ask for your old returns. Click [HERE](#) to get the form. Or go to <http://www.sitemason.com/files/hYzasE/f4506.pdf>



#### Step 2. Tax Payments in Prior Years.

You can claim your flood loss on your tax return. A special rule for disaster counties lets you pick your 2010 **or** 2011 tax return. If you paid taxes in 2009 or earlier, you may be able to get a refund. Can't remember how much you paid in earlier years? Ask for a "transcript of account" for each year. Use IRS Form 4506T to get your records. Click [HERE](#) to get the form. Or go to <http://www.sitemason.com/files/j4f48U/f4506t.pdf> The IRS will send you free copies of what you have paid. **You need this to get a refund.**

#### Step 3. Make A List of What You Lost in the Flood.

This includes appliances, furniture and belongings. The IRS has a book that can help

you make the list. It is called IRS Publication 584 Casualty Disaster and Theft Loss Workbook. It helps you remember what you lost from each room in your house. Click [HERE](#) or go to <http://www.irs.gov/pub/irs-pdf/p584.pdf> on the internet to get the Workbook.



Do this before you meet with your accountant or the person who does your taxes.

#### Step 4. Learn the Rules.

You can study the rules yourself. **OR** meet with an accountant or some one who does taxes. A good accountant or tax preparer can help you understand the rules.

#### Step 5. Cost Records.

Claiming a flood loss to your home? Then you must prove what you paid when you bought it. You must also prove the cost of any improvements. Click [HERE](#) to learn how to do this. **OR** go to <http://www.sitemason.com/files/dCGluU/7CasualtyLoss.pdf> on the internet.



#### Step 6. Fair Market Values Before and After the Flood.

You also have to prove the fair market value of your home and belongings. **Fair market value** means what you could sell it for. You need the fair market value before and after the flood.

To find fair market value on your house, you may need to get an appraisal. Click [HERE](#) to learn more about getting an appraisal. **OR** go to <http://www.sitemason.com/files/kaJJAs/12Appraisal.pdf> on the internet.

There is another way to prove the flood changed your home's fair value. You can add the cost of clean up and rebuilding. Click [HERE](#) to learn more. **OR** go to <http://www.sitemason.com/files/elmfba/8CleanupRepairCosts.pdf> on the internet.

Not sure how to find the value of your furniture and belongings? Click [HERE](#) to use the Salvation Army value guide. **OR** go to [http://www.salvationarmyusa.org/usn/www\\_usn\\_2.nsf/vw-search/D477340FFA28755C8525743D0049D1EF?opendocument](http://www.salvationarmyusa.org/usn/www_usn_2.nsf/vw-search/D477340FFA28755C8525743D0049D1EF?opendocument) on the internet.

### Step 7. Doing Your Income Tax Return

It is a good idea to get help doing your tax return. You can go to an accountant or tax preparer. The rules for claiming a flood loss can be hard to understand. You will need help deciding what choices are best for you. You will need to decide:



1. Should you claim the loss in 2010 or 2011? Which will give you the biggest refund?
2. Did you get money from FEMA? Does it change how much of a loss you can claim?
3. Should you go back and claim part of the loss in earlier years? Or should you spread it out for future years? Which will help you the most?
4. Should you take money from your retirement account (IRA or 401k) during 2011?
5. Can you claim any tax credits for things you bought?
6. Do you need an appraisal?

7. What deadlines do you have to meet?

Want to know more about any of these things? See our **Tax Guide for 2011 Flood/Storm Victims** that can be found at [www.las.org](http://www.las.org).

## 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](http://www.las.org)

NOTE: This information was written by Robert B. Nadler, a lawyer with Legal Aid Society in Nashville, TN. This document contains general information and is not intended to be legal advice or accounting advice. It cannot take the place of advice from a lawyer. Each case is different and needs individual legal advice.