

Itemized Deduction or Standard Deduction

A Tax Guide for 2010 Flood Victims- Issue 11

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.

Another Choice

You can choose between claiming your flood loss in 2009 or 2010. You can also choose how to deduct it. You can claim the loss as an itemized deduction or add it to your standard deduction. A deduction is subtracted from your income to lower your taxes.

What is the difference?

With a standard deduction, you claim a set amount. You don't have to prove you spent any money. In 2009, the standard deduction for a married couple was \$11,400. For a single person it was \$5,700. For many taxpayers the standard deduction is bigger than their itemized deductions.

Is your standard deduction bigger than your itemized deductions? Then it may be better to add your flood loss to the standard deduction. Fill out Form 4684 to find out how much loss you can claim. Take the number on line 18 of this form. Write it on line 6 of the "Standard Deduction Worksheet."

With itemized deductions, you must prove what you spent. You can count:

- Medical costs
- Interest on your home
- Real estate taxes
- Money you give to church or charities
- Other expenses, including flood losses



For itemized deductions, fill out Schedule A when you do your tax return.

Talk to the person who does your taxes

Show them your 2009 income tax return. Ask what your choices are.

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.