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TaxInsight



Disaster Relief

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. However, 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 area, 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. What does this mean for you in light of the TCJA? Fewer people will itemize under the new law. So, you will be less likely to deduct the loss.

As of the end of September, fires continue to rage throughout the western United States. Look for more information about relief as these events unfold. Other disasters declared in 2020 include:

- Nationwide COVID-19
- Fires in Colorado, Arizona, California, Nevada, Oregon

- Iowa Derecho
- Utah Earthquake
- Hurricane Sally
- Hurricane Isaias

This is not a full list of the disaster areas declared in 2020. Information about federally declared disaster areas can be found on the IRS website at <https://www.irs.gov/newsroom/tax-relief-presidentially-declared-disaster-areas-1> and FEMA's website at www.fema.gov.

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

Tax Deadline

- October 15 – Extended individual and C corporation tax returns

Potential COVID-19 Penalty Relief

The IRS understands the challenges faced by taxpayers due to the pandemic and may be flexible in granting penalty relief where taxpayers can demonstrate good-faith efforts in filing their returns. As always, facts and circumstances are important in any penalty determination.

Play it safe. When possible, always file tax returns and submit any payments to the IRS on time. Be prepared to pay any penalties and interest if you don't. However, if you fit this scenario, you may be able to mitigate your penalties.

Did You Know?

You can check to see if you are registered to vote at the following website: <https://www.vote.org/am-i-registered-to-vote/>. If you aren't registered, find out if you can register in your state. If you are registered, make a plan to vote, whether by mail or absentee, early in person, or on election day in person. Make sure your voice is heard.

Quote Corner

"Someone struggled for your right to vote. Use it." ~ Susan B. Anthony

