



Small Business/Self-Employed

**DISASTER ASSISTANCE AND
EMERGENCY RELIEF**

Disaster Resource Guide

for Individuals and Businesses

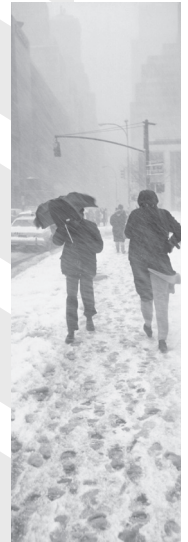
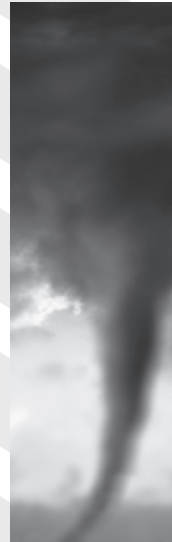


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Introduction

This resource guide provides information to individuals and businesses affected by a federally declared disaster and the assistance available to disaster victims. This Disaster Relief Resource Guide can help you claim unreimbursed casualty losses on property that was damaged or destroyed.

A federally declared disaster is a disaster that took place in an area declared by the President to be eligible for federal assistance under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. A list of areas warranting public or individual assistance (or both) is available at the Federal Emergency Management Agency (FEMA) web site at www.fema.gov.

All telephone numbers and web links are current
as of the date of publication but are subject to change

1. IRS Disaster Assistance

Federally Declared Disaster Area

You may deduct the loss or partial loss of personal and business use property on your individual federal income tax return for the year you incurred the loss. If you paid taxes in the tax year immediately preceding the tax year in which the federally declared disaster occurred, you can elect to deduct your loss on a Form 1040X (*Amended U.S. Individual Income Tax Return*) for the prior year instead of waiting to file your current year return. This will allow you to receive a refund of some or all of the taxes paid on your prior year return.

You can request copies of IRS account transcripts, or previously filed federal tax returns free of charge, when you submit Form 4506, *Request for Copy of Tax Return*, or Form 4506-T, *Request for Transcript of Tax Return*. Just write the name of the disaster in red at the top of the form before submitting (for example, Hurricane Harvey).

If you need additional forms or publications, there are several ways you can obtain them. You can download forms from www.irs.gov. You can also order forms or publications at no cost by calling 1-800-829-3676. If you need additional tax assistance, please call 1-800-829-1040.

IRS Hotline

Assistors are available Monday through Friday to provide explanations on filing and payment relief that may have been provided by IRS due to a disaster. You may call the Disaster Assistance Hotline at 1-866-562-5227. Please have your own interpreter, if needed, when calling the Hotline.

IRS Taxpayer Assistance Centers

IRS personnel may be able to provide face-to-face assistance on disaster related issues at your local IRS office. Access <https://www.irs.gov/help/contact-your-local-irs-office> to find a Taxpayer Assistance Center in your area.

2. Disaster Resources

Disaster Information on the Web

To access the latest disaster tax information on www.irs.gov, use the key word “disasters.”

The Disaster Assistance Portal can also help you find disaster assistance that meets your personal needs. You can locate over 60 forms of assistance from 17 federal agencies. Go to <http://www.disasterassistance.gov/> for more information.

Electronic IRS

Each year the IRS increases the availability of electronic options on its website. To help reduce your burden and improve the timeliness and accuracy of tax returns, go to irs.gov. A few of the electronic options include “Where’s My Refund?” where you can check the status of your refund, find an IRS e-file provider, check your eligibility for credits and deductions, and search for tax forms and instructions. You can also, check your refund status, make a payment, find free tax preparation assistance, by downloading the IRS official mobile app, IRS2Go, at <https://www.irs.gov/newsroom/irs2goapp>.

FEMA

You may contact FEMA for instructions 7 days a week to apply for assistance on the FEMA webpage at www.fema.gov or, by calling 1-800-621-3362 (TTY 1-800-462-7585).

Plan/Prepare

Ready.gov provides tips for preparing and planning for a disaster. Go to www.ready.gov for information.

Recovery

The Small Business Administration provides low interest disaster loans to homeowners, renters, businesses of all sizes and private, nonprofit organizations to repair or replace real estate, personal property, machinery, equipment, inventory, and business assets that have been damaged or destroyed in a declared disaster. For more information, visit SBA’s website at www.sba.gov and click on “Funding Programs.”

3. Choosing a Tax Preparer

Here are a few points to keep in mind when someone else prepares your return:

- **Check the Preparer's Qualifications.** New regulations require all paid tax return preparers to have a Preparer Tax Identification Number (PTIN). Tax return preparers have differing levels of skills, education and expertise. In addition to making sure they have a PTIN, ask if the preparer is affiliated with a professional organization and attends continuing education classes. The IRS provides a searchable directory is intended to help you with your choice by providing a listing of preparers in your area who currently hold professional credentials recognized by the IRS or who hold an Annual Filing Season Program Record of Completion. You can search the Directory of Federal Tax Return Preparers at <https://irs.treasury.gov/rpo/rpo.jsf>.
- **Check the Preparer's History.** Check to see if the preparer has a questionable history with the Better Business Bureau and check for any disciplinary actions and licensure status through the state boards of accountancy for certified public accountants; the state bar associations for attorneys; and the IRS Office of Enrollment for enrolled agents.
- **Ask about Service Fees.** Avoid preparers who base their fee on a percentage of your refund or those who claim they can obtain larger refunds than other preparers can. Also, always make sure any refund due is sent to you or deposited into an account in your name. Under no circumstances should all or part of your refund be directly deposited into a preparer's bank account.
- **Ask to E-file Your Return.** Any paid preparer who prepares and files more than 10 returns for clients must file the returns electronically, unless the client opts to file a paper return. More than 1 billion individual tax returns have been safely and securely processed since the debut of electronic filing in 1990. Make sure your preparer offers IRS e-file.
- **Make Sure the Preparer is Accessible.** Make sure you will be able to contact the tax preparer after the return has been filed, even after the April due date, in case questions arise.
- **Provide all Records and Receipts** needed to prepare your return. Reputable preparers will request to see your records and receipts and will ask you multiple questions to determine your total income and your qualifications for expenses, deductions, and other items. Do not use a preparer who is willing to electronically file your return before you receive your Form W-2 using your last pay stub. This is against IRS e-file rules.

- **Never Sign a Blank Return.** Avoid tax preparers that ask you to sign a blank tax form.
- **Review Your Return Before Signing.** Before you sign your tax return, review it and ask questions. Make sure you understand everything and are comfortable with the accuracy of the return before you sign it.
- **Ensure the Preparer Signs and Includes Their PTIN.** A paid preparer must sign the return and include his or her PTIN as required by law. Although the preparer signs the return, you are responsible for the accuracy of every item on your return. The preparer must also give you a copy of the return.
- **Report Abusive Tax Preparers to the IRS.** Most tax return preparers are honest and provide great service to their clients; however, some preparers are dishonest. Report abusive tax preparers and suspected tax fraud to the IRS. Use Form 14157, Complaint: Tax Return Preparer. If you suspect a return preparer filed or changed the return without your consent, you should also file Form 14157-A, Return Preparer Fraud or Misconduct Affidavit. You can get these forms on IRS.gov at any time.

Every taxpayer has a set of fundamental rights they should be aware of when dealing with the IRS. These are your Taxpayer Bill of Rights. Explore your rights and our obligations to protect them on IRS.gov at <https://www.irs.gov/taxpayer-bill-of-rights>.

4. Disaster Tax Losses

A federally declared disaster is a disaster that took place in an area declared by the President to be eligible for federal assistance under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. A list of areas warranting public or individual assistance (or both) is available at the Federal Emergency Management Agency (FEMA) web site at www.fema.gov.

A casualty is the damage, destruction, or loss of property resulting from an identifiable event that is sudden, unexpected, or unusual. If you experience damage to personal, income-producing, or business property, you may be able to claim a casualty loss deduction on your tax return.

Effective October 13, 2016, the due date for making an election to deduct a loss attributable to a federally declared disaster in the tax year immediately before the tax year in which the disaster occurred has been extended by six months. The period for revoking the election has also been extended to 90 days after the due date for making the election.

If you have already filed your return for the preceding year, you can claim a disaster loss against that year's income by filing an amended return. Individuals file an amended return on Form 1040X. If you elect to deduct your loss on your return or amended return for the tax year immediately preceding the tax year in which the disaster loss happened, include a statement saying that you are making that election. The statement can be made on the return or can be filed with the return. The statement must include the name or a description of the disaster giving rise to the loss, the date or dates of the disaster, and the city, town, county or parish, state, and ZIP code where the damaged or destroyed property was located at the time of the disaster.

If you claimed a deduction for a disaster loss on the tax return for the year in which the disaster occurred and you wish to deduct the loss in the preceding year, you must file an amended return to remove the previously deducted loss on or before the date you file the return or amended return for the preceding year that includes the disaster loss deduction.

To determine the amount of your casualty loss you must:

1. Determine your adjusted basis in the property before the casualty
2. Determine the decrease in fair market value of the property as a result of the casualty
3. From the smaller of the amounts you determined in steps one and two subtract any insurance or other reimbursement you receive or expect to receive

Your adjusted basis in a property is generally what you paid for the property, increased or decreased, as a result of certain events. If you acquired the property in some other manner such as inheriting it or receiving it as a gift, you must figure your basis in a different manner. IRS Publication 551, Basis of Assets, explains how to figure your basis.

Fair market value is the price at which you could sell your property to a willing buyer when neither of you have to sell or buy and both know all the relevant facts. The decrease in fair market value used to figure the amount of the casualty loss is the difference between the property's fair market value immediately before and immediately after the casualty. Fair market value is generally determined through a competent appraisal. Absent a competent appraisal the cost of cleaning up or making certain repairs is acceptable under certain conditions as evidence of the decrease in fair market value the section in Publication 547, entitled "Figuring a Loss," for situations in which cost of repairs may be used.

Remember to subtract any insurance or other reimbursements that you received, or that you expect to receive, from the smaller of the adjusted basis or the decrease in fair market amounts to arrive at your casualty loss.

The law limits the amount of the casualty loss you may deduct for damage to personal-use property and property used in performing services as an employee.

For personal-use property

You must reduce your casualty loss from the disaster event by \$100 and then reduce the total casualty and theft losses for that year by 10% of your adjusted gross income. In addition, taxpayers must claim casualty losses of personal-use property as itemized deductions.

Property used in performing services

The loss on property used in performing services as an employee is reduced by 2% of your adjusted gross income. Business and income-producing property are not subject to these limitations.

Taxpayers must generally compute their casualty losses separately for each damaged item, but personal-use residential property should be treated as one item (i.e., land, trees, residence, and other improvements).

If your business property or income-producing property is completely destroyed, the decrease in fair market value is not considered. Your loss is the adjusted basis of the property, minus any salvage value and any insurance or other reimbursements you received or expect to receive.

If your casualty loss deductions for the year exceed your income for the year, you may have a net operating loss or NOL. You can use an NOL to lower your tax in an earlier year, which will allow you to get a refund of tax you already paid or, you can use the NOL to lower your tax in a later year. For more information, see IRS Publication 536, Net Operating Losses for Individuals, Estates, and Trusts. IRS Form 4684, Casualties and Thefts, is used to calculate

and report your losses. The totals you derive on Form 4684 should then be transferred to the appropriate form to allow you to deduct the loss from income. For assistance in completing Form 4684, refer to the instructions for Form 4684. IRS [Publication 547](#), Casualties, Disasters, and Thefts, explains the tax treatment of casualty losses and provides definitions and examples to assist you in calculating your allowable loss.

For more disaster, related information, log onto the IRS web site at www.irs.gov and enter “disaster” in the search box.

5. Reconstructing Your Records

Reconstructing records after a disaster may be essential for tax purposes, getting federal assistance or insurance reimbursement. After a disaster, home owners might need certain records to prove their loss. The more accurately the loss is estimated, the more loan and grant money there may be available.

The following information includes steps to take after a disaster so taxpayers can reconstruct their records, and prove loss of personal-use and business property.

Reconstructing Records

Tax Records

- Get free return transcripts immediately by visiting the [Get Transcript tool](#) on IRS.gov.
- To order transcripts by phone, call 800-908-9946 and follow the prompts. Taxpayers can also request transcripts using their smartphone with the [IRS2Go](#) mobile phone app.
- To get transcripts of previous years returns by mail, file a [Form 4506-T](#), Request for Transcripts of a Tax Return.
- To request copies of past returns by mail, file [Form 4506](#), Request for Copy of Tax Return.
- Write the appropriate disaster designation, such as “**HURRICANE HARVEY**,” in red letters across the top of Forms 4506-T and 4506 to expedite processing and to waive the normal user fee.

Personal Residence and Real Property

Real property, also called real estate, is land as well as generally anything built on, growing on, or attached to land.

- Take photographs or videos as soon after the disaster as possible. This helps establish the extent of the damage.
- Contact the title company, escrow company, or bank that handled the purchase of the home to get copies of appropriate documents. Real estate brokers may also be able to help.
- Use the current property tax statement for land-versus-building ratios if available. If they are not available, owners can usually get copies from the county assessor’s office.
- Establish a basis or fair market value of the home by reviewing comparable sales within the same neighborhood. This information can be found by contacting an appraisal company or visiting a website that provides home valuations.

- Check with the mortgage company for copies of appraisals or other information they may have about cost or fair market value in the area.
- Review insurance policies, as they usually list the value of a building, establishing a base figure for replacement value insurance. For details on how to reach the insurance company, check with the [state insurance department](#).
- If improvements were made to the home, contact the contractors who did the work to see if records are available. If possible, get statements from the contractors verifying their work and cost.
 - Get written accounts from friends and relatives who saw the house before and after any improvements. See if any of them have photos taken at get-togethers.
 - If there is a home improvement loan, get paperwork from the institution that issued the loan. The amount of the loan may help establish the cost of the improvements.
- For inherited property, check court records for probate values. If a trust or estate existed, contact the attorney who handled the estate or trust.
- If no other records are available, check the county assessor's office for old records that might address the value of the property.

Vehicles

There are several resources that can help determine the current fair market value of most cars on the road. These resources are all available online and at most libraries:

- Kelley's Blue Book
- National Automobile Dealers Association
- Edmunds

Additionally, call the dealer where the car was purchased and ask for a copy of the contract. If this is not available, give the dealer all the facts and details, and ask for a comparable price figure. If making payments on the car, check with the lien holder.

Personal Property

It can be difficult to reconstruct records showing the fair market value of some types of personal property. Here are some things to consider when cataloguing lost items and their values.

- Look on mobile phones for pictures that were taken in the home that might show the damaged property in the background before the disaster.
- Check websites that can help establish the cost and fair market value of lost items.
- Support the valuation with photographs, videos, canceled checks, receipts, or other evidence.
- If items were purchased using a credit card or debit card, contact the credit card company or bank for past statements. Credit card companies and banks often provide user's access to these statements online.

If there are no photos or videos of the property, a simple method to help you remember what items you lost is to sketch pictures of each room that was impacted:

- Draw a floor plan showing where each piece of furniture was placed – include drawers, dressers and shelves.
- Sketch pictures of the room looking toward any shelves or tables showing their contents.
- These do not have to be professionally drawn, just functional.
- Take time to draw shelves with memorabilia on them.
- Be sure to include garages, attics, closets, basements, and items on your walls.

Business Records

- To create a list of lost inventories, get copies of invoices from suppliers. Whenever possible, the invoices should date back at least one calendar year.
- Check your mobile phone or other camera for pictures and videos taken of your building, equipment and inventory.
- For information about income, get copies of bank statements. The deposits should closely reflect what the sales were for any given time period.
 - Get copies of last year's federal, state and local tax returns. This includes sales tax reports, payroll tax returns, and business licenses from your city or county. These will reflect gross sales for a given time period.
- If you don't have photographs or videos, sketch an outline of the inside and outside of the business location. Then start to fill in the details of the sketches. For example, for the inside of the building, record where equipment and inventory was located. For the outside of the building, map out the locations of items such as shrubs, parking, signs, and awnings.
 - If you purchased an existing business, go back to the broker for a copy of the purchase agreement. This should detail what was acquired.
 - If the building was constructed for you, contact the contractor or a planning commission for building plans.

Casualty and Disaster Tax Losses

A casualty is the damage, destruction or loss of property resulting from an identifiable event that is sudden, unexpected or unusual. If you experience damage to personal, income-producing, or business property, you may be able to claim a casualty loss deduction on your tax return.

You generally must deduct a casualty loss in the year it occurred. However, if the property was damaged as a result of a federally declared disaster you can choose to deduct that loss on your return for the tax year immediately preceding the year in which the disaster happened. A federally declared disaster is a disaster that took place in an [area declared](#) by

the President to be eligible for federal assistance. If you already filed your prior year's return, you can amend it by filing a [Form 1040X](#), Amended U.S. Individual Income Tax Return.

Figuring Loss

You may need to reconstruct your records to prove you have a loss and the amount of the loss. To compute your loss, you need to determine the following figures:

- The decrease in fair market value of the property that resulted from the casualty or disaster
- The adjusted basis of the property – this is generally what you paid for the property, increased or decreased, because of certain events.

You may deduct the smaller of these two amounts, minus insurance or other reimbursement. Additionally, certain deduction limits apply. See [Publication 547](#), Casualties, Disasters, and Thefts, for details on these limits and [Publication 551](#), Basis of Assets, for additional information on basis.

If your casualty loss deduction causes your deductions for the year to be more than your income for the year, you may have a net operating loss. For more information, see [Pub. 536](#), Net Operating Losses (NOLs) for Individuals, Estates, and Trusts.

Determining the Decrease in Fair Market Value

Fair market value is generally the price for which you could sell your property to a willing buyer. The decrease in FMV used to figure the amount of a casualty loss is the difference between the property's fair market value immediately before and after the casualty. FMV is generally determined through a competent appraisal. Without a competent appraisal, the cost of cleaning up or making certain repairs is acceptable under certain conditions as evidence of the decrease in fair market value.

You can use the cost of cleaning up or making repairs if the repairs are:

- Actually made
- Not excessive
- Necessary to bring the property back to its condition before the casualty
- Only made to repair damage
- Not adding value to the property or making it worth more than before the disaster happened

For more information on losses, see these IRS publications:

- [Publication 547](#), Casualties, Disasters, and Thefts – This has information on figuring your casualty loss deduction.

- [Publication 584](#), Casualty, Disaster, and Theft Loss Workbook – This can help individuals make a list of stolen or damaged personal-use property and figure the loss. It has a room-by-room listing to help recreate an inventory and figure the loss on the home and its contents and any motor vehicles.
- [Publication 584-B](#), Business Casualty, Disaster, and Theft Loss Workbook – This is available to help businesses list stolen or damaged business or income-producing property and to figure the loss.

For Assistance and Additional Information, Use these Resources

- IRS Disaster Assistance Hotline at 866-562-5227
- [Publication 2194](#), Disaster Resource Guide for Individuals and Businesses
- [Federal Emergency Management Agency](#)
- [Small Business Administration](#)
- [Disasterassistance.gov](#)

6. Publications 584 and 584-B - Personal and Business Casualty, Disaster, and Theft Loss Workbooks

These publications are designed to help you figure your loss on personal-use and business property in the event of a disaster, casualty, or theft. [Publication 584](#) contains schedules to help you figure the loss to your main home, its contents, and your motor vehicles. [Publication 584-B](#) contains schedules to help you figure the loss to your office furniture and fixtures, information systems, motor vehicles, office supplies, buildings, and equipment.

The following worksheets are for your information only. Make as many copies as you need to record your losses but you must complete Form 4684, Casualties and Thefts, to report your loss.

FOR PERSONAL PROPERTY

To complete the worksheet,
Take what is in each row of...

And enter it on Form 4684...

Column 1	Line 1
Column 2	Line 2
Column 3	Line 3
Column 4	Line 4
Column 5	Line 5
Column 6	Line 6
Column 7	Line 7
Column 8	Line 8
Column 9	Line 9

FOR BUSINESS PROPERTY

To complete the worksheet,
Take what is in each row of...

And enter it on Form 4684...

Column 1	Line 19
Column 2	Line 20
Column 3	Line 21
Column 4	Line 22
Column 5	Line 23
Column 6	Line 24
Column 7	Line 25
Column 8	Line 26
Column 9	Line 27

Worksheet for Personal Use Property Disaster Casualty Loss or Theft

(1) Item	(2) Cost or Other Basis	(3) Insurance or Other Reimbursement	(4) Gain From Casualty or Theft ¹	(5) Fair Market Value before Casualty	(6) Fair Market Value After Casualty	(7) Column (5) minus column (6)	(8) Smaller of column (2) or column (7)	(9) Casualty/Theft Loss(column (8) minus column (3)) ²

¹ If column (3) is greater than column (2), enter the difference here and skip columns (5) through (9) for that item.

² If zero or less, enter -0-.

Worksheet for Business Disaster Casualty Loss or Theft

(1) Item	(2) Cost or Other Basis	(3) Insurance or Other Reimbursement	(4) Gain from Casualty or Theft ¹	(5) Fair Market Value before Casualty	(6) Fair market Value after Casualty	(7) Column (5) Minus Column (6)	(8) Smaller of column (2) or column (7) ²	(9) Casualty/ Theft Loss (column (8) minus column (3)) ³

¹ If column (3) is greater than column (2), enter the difference here and skip columns (5) through (9) for that item.

² If the property was destroyed or stolen, enter in column (8) the amount from column (2).

³ If zero or less, enter -0-.

7. IRS DISASTER RELATED FORMS AND PUBLICATIONS

The following forms, schedules, and publications are available to assist you with disaster tax issues. They are accessible electronically at [irs.gov](http://www.irs.gov), click on Forms and Instructions.

Form 1040 and Instructions: *U.S. Individual Income Tax Return*

Check for specific tax year at <http://www.irs.gov/formspubs/index.html>

Form 1040X and Instructions: *Amended U.S. Individual Income Tax Return*

<https://www.irs.gov/pub/irs-pdf/f1040x.pdf> <https://www.irs.gov/pub/irs-pdf/i1040x.pdf>

Form 1120X: *Amended U.S. Corporation Income Tax Return*

<https://www.irs.gov/pub/irs-pdf/f1120x.pdf>

Form 4506: *Request for Copy of Tax Return*

<https://www.irs.gov/pub/irs-pdf/f4506.pdf>

Form 4506-T: *Request for Transcript of Tax Return*

<https://www.irs.gov/pub/irs-pdf/f4506t.pdf>

Form 4684 and Instructions: *Casualties and Thefts*

<https://www.irs.gov/pub/irs-pdf/f4684.pdf> <https://www.irs.gov/pub/irs-pdf/i4684.pdf>

Form 8822 and 8822-B: *Change of Address for Individuals and Businesses*

<https://www.irs.gov/pub/irs-pdf/f8822.pdf> <https://www.irs.gov/pub/irs-pdf/f8822b.pdf>

Publication 536: *Net Operating Losses (NOLs) for Individuals, Estates, and Trusts*

<https://www.irs.gov/pub/irs-pdf/p536.pdf>

Publication 547: *Casualties, Disasters, and Thefts*

<https://www.irs.gov/pub/irs-pdf/p547.pdf>

Publication 551: *Basis of Assets*

<https://www.irs.gov/pub/irs-pdf/p551.pdf>

Publication 584: *Casualty, Disaster, and Theft Loss Workbook*

<https://www.irs.gov/pub/irs-pdf/p584.pdf>

Publication 584-B: *Business Casualty, Disaster, and Theft Loss Workbook*

<https://www.irs.gov/pub/irs-pdf/p584b.pdf>

Internal Revenue Service

NDC

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OFFICIAL BUSINESS

Penalty for Private Use, \$300