

Guidance for Casualty Losses from October Wildfires -- For Taxpayers --

Casualty loss tax law is complicated. Tax-Aide volunteers are not trained or authorized to prepare a federal tax return when a casualty loss is claimed.

If you filed your 2016 tax returns last year at a Sonoma/Napa County Tax-Aide site and you need copies to replace those lost in the fires, we can print those copies for you. Alternatively, you can obtain free copies from the IRS and/or the Franchise Tax Board (for California returns), and we can provide you with the forms you need to send in.

We can help with 2017 tax returns in the following situations:

- You have a net casualty loss (i.e. after receiving insurance settlements & relief funds) and choose not to claim the loss on your 2017 tax return.
- You want to file your 2017 return by April 17th, **while waiting for your insurance settlement or other reimbursement.** Then, at a later date, you can decide whether you need to file an amended return using a qualified tax professional to report a casualty loss after the insurance settlement is completed.
- You want to file a six-month extension with the IRS (Form 4868) while waiting to determine your net casualty loss. You will then need to see a qualified tax professional to file **your final 2017 return by October 15, 2018.** If we estimate that you will owe taxes when you file your return, you should make a payment with your extension. [California extensions do not require a form, but if you think you'll owe taxes, we can help you file a Form FTB 3519.]

Resources:

- Local Enrolled Agents and CPAs who understand casualty losses can best be found by talking to others with similar losses. The National Assoc. of Enrolled Agents website: <https://www.naea.org> has a search function "Find a Tax Expert" by zip code. You can also check <https://irs.treasury.gov/rpo> to ensure they are registered with the IRS.
- IRS publications are available at www.irs.gov. If you do not have a printer available, we can print these for you:

***Pub 584** – Casualty, Disaster, and Theft Loss Workbook*

***Pub 2194**- Disaster Resource Guide*

***Pub 4512C (EN/SP)**– Getting Your Taxes Done: Determining if You Have a Tax Deductible Casualty Loss*

- The United Way of the Wine Country is tentatively planning one or more clinics to assist those with casualty losses in preparing their tax returns. You can call 707-528-4485 for more information.

Note: Taxpayers have the option of claiming a casualty loss from the October fires on their **2016** tax return. A filed 2016 return must be amended by October 15, 2018, if the taxpayer wants to use this option. Amending a 2016 tax return to claim a casualty loss is out-of-scope for the Tax-Aide program, as is determining if it is better to claim a loss for 2016 or 2017.

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