

# SPECIAL SITUATIONS: TIPS FOR NATURAL DISASTER VICTIMS

*Tax season might be the last thing on the minds of victims as they work on rebuilding their lives, but they can actually use the tax code to help with losses not covered by their home insurance.*

Source: Green Shoot Media

2017 was devastating for residents of Florida and southeastern Texas. Victims of catastrophic storms Irma and Harvey were left with months – and in some cases years – of cleanup work in the wake of the hurricanes.

Tax season might be the last thing on the minds of victims as they work on rebuilding their lives, but they can actually use the tax code to help with losses not covered by their home insurance.

According to the Internal Revenue Service, homeowners lacking insurance that covers flood damage can claim casualty losses as itemized deductions. This can help improve the outlook of their income tax returns when it's time to file.

The Wall Street Journal offers these tips for people living in flood-prone areas:

- Keep accurate records. Maintain a spreadsheet or running list of items you buy for cleanup. This means cleaning supplies, air mattresses and hotel costs. Don't forget to take photographs of ruined possessions. You might



be able to use them as itemized deductions when filing your taxes. Think electronics, washers, dryers, furniture and carpeting,

- Know how to determine a loss. The legal term “cost to cure” is one to consider here. According to The Wall Street Journal article, a property loss equals the “cost to cure” the damage so long as repairs total less than the cost of the property plus adjustments.

A greater cost means taxpayers must use the cost of the property plus improvements. Understanding your insurance policy is key here.

## THINK LOCAL

As always, speak with an accountant, tax adviser, or insurance representative to get a lay

of the land. Knowing what your home insurance policy entails and how the tax code is set up to support victims of natural disasters are your first steps to protecting your assets.

Local tax professionals can help. Your business is important to them because local relationships are what drive their success. Set up a consultation today to learn more about your specific situation.

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