

INDIVIDUAL CASUALTY LOSSES

Results from a sudden, unexpected, or unusual event (like a hurricane).

Usually you'd deduct in the year the loss was incurred: when you file 2020

Baldwin, Escambia, & Mobile Counties are a Presidentially declared disaster.

Taxpayers have the option of declaring their loss on their prior year's return, which allows them to amend and receive an immediate refund as a measure of relief.



YOU MUST ITEMIZE

It's advantageous to itemize if the total of the casualty loss deduction & any other itemized deductions is more than your standard deduction.



INSURANCE PAYMENT

The deduction is always reduced by the amount of any insurance proceeds you actually receive or reasonably expect to receive.

\$100

PERSONAL LOSSES

Subject to the \$100 per casualty and 10% of your AGI limitations.



Buildings



Vehicles



Household items



Greenery

CALCULATIONS

COMPLETELY DESTROYED PROPERTY

$$\begin{aligned} &\text{Adjusted Basis} \\ &\quad - \text{Salvage Value} \\ &\quad - \text{Insurance Proceeds} \\ \hline &= \text{Casualty Loss} \end{aligned}$$

PARTIALLY DESTROYED PROPERTY

The lesser of the decrease in the property's Fair Market Value OR its adjusted basis (minus insurance payout).

You can get an appraisal to determine the reduction in FMV.

Adjusted basis is the property's original cost + the value of any improvements.

