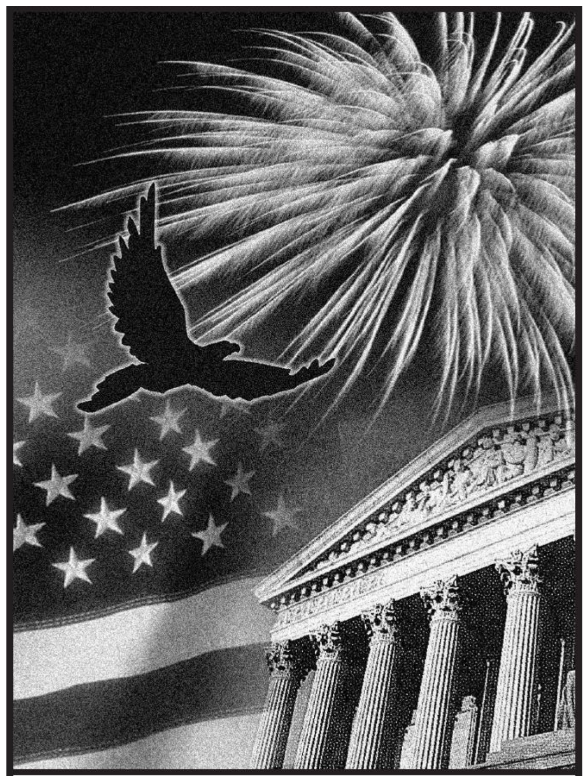
Publication 547

Casualties, Disasters, and Thefts

For use in preparing **2023** Returns

Volume 2 of 2



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Both real and personal properties. When a casualty involves both real and personal properties, you must figure the loss separately for each type of property. However, you apply a single $100 reduction to the total loss. Then, you apply the 10% rule to figure the casualty loss deduction.

Example. In July, a hurricane, which was a federally declared disaster, damaged your home, which cost you $164,000 including land. The FMV of the property (both building and land) immediately before the storm was $170,000 and its FMV immediately after the storm was $100,000. Your household furnishings were also damaged. You separately figured the loss on each damaged household item and arrived at a total loss of $600.

You collected $50,000 from the insurance company for the damage to your home, but your household furnishings weren’t insured. Your AGI for the year the hurricane occurred is $65,000. You figure your casualty loss deduction from the hurricane in the following manner.

1.	Adjusted basis of real property (cost in this example)	$164,000
2.	FMV of real property before hurricane	$170,000
3.	FMV of real property after hurricane	100,000
4.	Decrease in FMV of real property (line 2 – line 3)	$70,000
5.	Loss on real property (smaller of line 1 or line 4)	$70,000
6.	Subtract insurance	50,000
7.	Loss on real property after reimbursement	$20,000
8.	Loss on furnishings	$600
9.	Subtract insurance	-0-
10.	Loss on furnishings after reimbursement	$600
11.	Total loss (line 7 plus line 10)	$20,600
12.	Subtract $100	100
13.	Loss after $100 rule	$20,500
14.	Subtract 10% of $65,000 AGI	6,500
15.	**Casualty loss deduction**	**$14,000**

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Property used partly for business and partly for personal purposes. When property is used partly for personal purposes and partly for business or income-producing purposes, the casualty or theft loss deduction must be figured separately for the personal-use portion and for the business or income-producing portion. You must figure each loss separately because the losses attributed to these two uses are figured in two different ways. When figuring each loss, allocate the total cost or basis, the FMV before and after the casualty or theft loss, and the insurance or other reimbursement between the business and personal use of the property. The $100 rule and the 10% rule apply only to the casualty or theft loss on the personal-use portion of the property.

Example. You own a building that you constructed on leased land. You use half of the building for your business and you live in the other half. The cost of the building was

$400,000. You made no further improvements or additions to it.

In March, a flood that was determined to be a federally declared disaster damaged the entire building. The FMV of the building was $380,000 immediately before the flood and $320,000 afterwards. Your insurance company reimbursed you $40,000 for the flood damage. Depreciation on the business part of the building before the flood totaled $24,000. Your adjusted gross income for the year the flood occurred is $125,000.

You have a deductible business casualty loss of $10,000. You don’t have a deductible personal casualty loss because of the 10% rule. You figure your loss as follows.

	Business Part	Personal Part
1. Cost (total $400,000)	$200,000	$200,000
2. Subtract depreciation	24,000	-0-
3. Adjusted basis	$176,000	$200,000
4. FMV before flood (total $380,000)	$190,000	$190,000
5. FMV after flood (total $320,000)	160,000	160,000
6. Decrease in FMV (line 4 – line 5)	$30,000	$30,000
7. Loss (smaller of line 3 or line 6)	$30,000	$30,000
8. Subtract insurance	20,000	20,000
9. Loss after reimbursement	$10,000	$10,000
10. Subtract $100 on personal-use property	-0-	100
11. Loss after $100 rule	$10,000	$9,900
12. Subtract 10% of $125,000 AGI on personal-use property	-0-	12,500
13. **Deductible business loss**	**$10,000**	
14. **Deductible personal loss**		**$ -0-**

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Figuring a Gain

If you receive an insurance payment or other reimbursement that is more than your adjusted basis in the destroyed, damaged, or stolen property, you have a gain from the casualty or theft. Your gain is figured as follows.

- The amount you receive (discussed next), minus
- Your adjusted basis in the property at the time of the casualty or theft. See *Adjusted Basis*, earlier, for more information.

Even if the decrease in FMV of your property is smaller than the adjusted basis of your property, use your adjusted basis to figure the gain.

Amount you receive. The amount you receive includes any money plus the value of any property you receive minus any expenses you incur in obtaining reimbursement. It also includes any reimbursement used to pay off a mortgage or other lien on the damaged, destroyed, or stolen property.

Example. A hurricane destroyed your personal residence and the insurance company awarded you $145,000. You received $140,000 in cash. The remaining $5,000 was paid directly to the holder of a mortgage on the property. The amount you received includes the $5,000 reimbursement paid on the mortgage.

Main home destroyed. If you have a gain because your main home was destroyed, you can generally exclude the gain from your income as if you had sold or exchanged your home. You may be able to exclude up to $250,000 of the gain (up to $500,000 if married filing jointly). To exclude a gain, you must generally have owned and lived in the property as your main home for at least 2 years during the 5year period ending on the date it was destroyed. For information on this exclusion, see Pub. 523. If your gain is more than the amount you can exclude, but you buy replacement property, you may be able to postpone reporting the excess gain. See *Postponement of Gain*, later.

Reporting a gain. You must generally report your gain as income in the year you receive the reimbursement. However, you don’t have to report your gain if you meet certain requirements and choose to postpone reporting the gain according to the rules explained under *Postponement of Gain* next.

For information on how to report a gain, see *How To Report Gains and Losses*, later.

If you have a casualty or theft gain on personal-use property that you choose to postpone reporting (as explained next) and you also have another casualty or theft loss on personal-use property, don’t consider the gain you are postponing when figuring your casualty or *theft loss deduction. See* 10% Rule *under* Deduction Limits, *earlier.*

Postponement of Gain

Don't report a gain if you receive reimbursement in the form of property similar or related in service or use to the destroyed or stolen property. Your basis in the new property is generally the same as your adjusted basis in the property it replaces.

You must ordinarily report the gain on your stolen or destroyed property if you receive money or unlike property as reimbursement. However, you can choose to postpone reporting the gain if you purchase property that is similar or related in service or use to the stolen or destroyed property within a specified replacement period, discussed later. You can also choose to postpone reporting the gain if you purchase a controlling interest (at least 80%) in a corporation owning property that is similar or related in service or use to the property. See *Controlling interest in a corporation*, later.

If you have a gain on damaged property, you can postpone reporting the gain if you spend the reimbursement to restore the property.

To postpone reporting all the gain, the cost of your replacement property must be at least as much as the reimbursement you receive. If the cost of the replacement property is less than the reimbursement, you must include the gain in your income up to the amount of the unspent reimbursement.

Example. In 1970, you bought an oceanfront cottage for your personal use at a cost of $18,000. You made no further improvements or additions to it. When a storm destroyed the cottage in January, the cottage was worth $250,000. You received $146,000 from the insurance company in March. You had a gain of $128,000 ($146,000 − $18,000).

You spent $144,000 to rebuild the cottage. Because this is less than the insurance proceeds received, you must include $2,000 ($146,000 − $144,000) in your income.

Buying replacement property from a related person. You can’t postpone reporting a gain from a casualty or theft if you buy the replacement property from a related person (discussed later). This rule applies to the following taxpayers.

1. C corporations.
2. Partnerships in which more than 50% of the capital or profits interests is owned by C corporations.
3. All others (including individuals, partnerships (other than those in (2)), and S corporations) if the total realized gain for the tax year on all destroyed or stolen properties on which there are realized gains is more than $100,000.

For casualties and thefts described in (3) above, gains can’t be offset by any losses when determining whether the total gain is more than $100,000. If the property is owned by a partnership, the $100,000 limit applies to the partnership and each partner. If the property is owned by an S corporation, the $100,000 limit applies to the S corporation and each shareholder.

Exception. This rule doesn’t apply if the related person acquired the property from an unrelated person within the period of time allowed for replacing the destroyed or stolen property.

Related persons. Under this rule, related persons include, for example, a parent and child, a brother and sister, a corporation and an individual who owns more than

50% of its outstanding stock, and two partnerships in which the same C corporations own more than 50% of the capital or profits interests. For more information on related persons, see *Nondeductible Loss* under *Sales and Exchanges Between Related Persons* in chapter 2 of Pub. 544.

Death of a taxpayer. If a taxpayer dies after having a gain but before buying replacement property, the gain must be reported for the year in which the decedent realized the gain. The executor of the estate or the person succeeding to the funds from the casualty or theft can’t postpone reporting the gain by buying replacement property.

Replacement Property

You must buy replacement property for the specific purpose of replacing your destroyed or stolen property. Property you acquire as a gift or inheritance doesn’t qualify.

You don’t have to use the same funds you receive as reimbursement for your old property to acquire the replacement property. If you spend the money you receive from the insurance company for other purposes, and borrow money to buy replacement property, you can still postpone reporting the gain if you meet the other requirements.

Advance payment. If you pay a contractor in advance to replace your destroyed or stolen property, you aren't considered to have bought replacement property unless it is finished before the end of the replacement period. See *Replacement Period*, later.

Similar or related in service or use. Replacement property must be similar or related in service or use to the property it replaces.

Timber loss. Standing timber (not land) you bought with the proceeds from the sale of timber downed by a casualty (such as high winds, earthquakes, or volcanic eruptions) qualifies as replacement property. If you bought the standing timber within the specified replacement period, you can postpone reporting the gain.

Owner-user. If you are an owner-user, “similar or related in service or use” means that replacement property must function in the same way as the property it replaces.

Example. Your home was destroyed by fire and you invested the insurance proceeds in a grocery store. Your replacement property isn’t similar or related in service or use to the destroyed property. To be similar or related in service or use, your replacement property must also be used by you as your home.

Main home in disaster area. Special rules apply to replacement property related to the damage or destruction of your main home (or its contents) if located in a federally declared disaster area. For more information, see *Gains Realized on Homes in Disaster Areas*, later.

Owner-investor. If you are an owner-investor, “similar or related in service or use” means that any replacement property must have a similar relationship of services or uses to you as the property it replaces. You decide this by determining all of the following.

- Whether the properties are of similar service to you.
- The nature of the business risks connected with the properties.
- What the properties demand of you in the way of management, service, and relations to your tenants.

Example. You owned land and a building you rented to a manufacturing company. The building was destroyed by a tornado. During the replacement period, you had a new building constructed. You rented out the new building for use as a wholesale grocery warehouse. Because the replacement property is also rental property, the two properties are considered similar or related in service or use if there is a similarity in all of the following areas.

- Your management activities.

- The amount and kind of services you provide to your tenants.
- The nature of your business risks connected with the properties.

Business or income-producing property located in a federally declared disaster area. If your destroyed business or income-producing property was located in a federally declared disaster area, any tangible replacement property you acquire for use in any business is treated as similar or related in service or use to the destroyed-property. The replacement property doesn't have to be located in the federally declared disaster area. For more information, see *Disaster Area Losses*, later.

Controlling interest in a corporation. You can replace property by acquiring a controlling interest in a corporation that owns property similar or related in service or use to your damaged, destroyed, or stolen property. You can postpone reporting your entire gain if the cost of the stock that gives you a controlling interest is at least as much as the amount received (reimbursement) for your property. You have a controlling interest if you own stock having at least 80% of the combined voting power of all classes of voting stock and at least 80% of the total number of shares of all other classes of stock.

Basis adjustment to corporation's property. The basis of property held by the corporation at the time you acquired control must be reduced by the amount of your postponed gain, if any. You aren't required to reduce the adjusted basis of the corporation's properties below your adjusted basis in the corporation's stock (determined after reduction by the amount of your postponed gain).

Allocate this reduction to the following classes of property in the order shown below.

1. Property that is similar or related in service or use to the destroyed or stolen property.
2. Depreciable property not reduced in (1).
3. All other property.

If two or more properties fall in the same class, allocate the reduction to each property in proportion to the adjusted bases of all the properties in that class. The reduced basis of any single property can't be less than zero.

Main home replaced. If your gain from the reimbursement you receive because of the destruction of your main home is more than the amount you can exclude from your income (see *Main home destroyed* under *Figuring a Gain,* earlier), you can postpone reporting the excess gain by buying replacement property that is similar or related in service or use. To postpone reporting all the excess gain, the replacement property must cost at least as much as the amount you received because of the destruction minus the excluded gain.

Also, if you postpone reporting any part of your gain under these rules, you are treated as having owned and used the replacement property as your main home for the period you owned and used the destroyed property as your main home.

Basis of replacement property. You must reduce the basis of your replacement property (its cost) by the amount of postponed gain. In this way, tax on the gain is postponed until you dispose of the replacement property.

Example. A fire destroyed your rental home that you never lived in. The insurance company reimbursed you $67,000 for the property, which had an adjusted basis of $62,000. You had a gain of $5,000 from the casualty. If you have another rental home constructed for $110,000 within the replacement period, you can postpone reporting the gain. You will have reinvested all the reimbursement (including your entire gain) in the new rental home. Your basis for the new rental home will be $105,000 ($110,000 cost − $5,000 postponed gain).

Replacement Period

To postpone reporting your gain, you must buy replacement property within a specified period of time. This is the replacement period.

The replacement period begins on the date your property was damaged, destroyed, or stolen.

The replacement period ends 2 years after the close of the first tax year in which any part of your gain is realized.

Example. You are a calendar year taxpayer. While you were on vacation, a valuable piece of antique furniture that cost $2,200 was stolen from your home. You discovered the theft when you returned home on July 7, 2023. Your insurance company investigated the theft and didn’t settle your claim until January 22, 2024, when they paid you $3,000. You first realized a gain from the reimbursement for the theft during 2024, so you have until December 31, 2026, to replace the property.

Main home in disaster area. For your main home (or its contents) located in a federally declared disaster area, the replacement period generally ends 4 years after the close of the first tax year in which any part of your gain is realized. See *Disaster Area Losses*, later.

Example. You are a calendar year taxpayer. A hurricane destroyed your home in September 2023. In December 2023, the insurance company paid you $3,000 more than the adjusted basis of your home. The area in which your home is located isn’t a federally declared disaster area. You first realized a gain from the reimbursement for the casualty in 2023, so you have until December 31,

2025, to replace the property. If your home had been in a federally declared disaster area, you would have until December 31, 2027, to replace the property.

Extension. You can apply for an extension of the replacement period. Send your written application to the Internal Revenue Service Center where you file your tax return. See your tax return instructions or go to *Where To File Paper Tax Returns With or Without a Payment on* IRS.gov for the address. Your application must contain all the details about the need for the extension. You should apply before the end of the replacement period.

However, you can file an application within a reasonable time after the replacement period ends if you have a good reason for the delay. An extension may be granted if you can show that there is reasonable cause for not making the replacement within the replacement period.

Ordinarily, requests for extensions aren’t made or granted until near the end of the replacement period or the extended replacement period. Extensions are usually limited to a period of not more than 1 year. The high market value or scarcity of replacement property isn’t sufficient grounds for granting an extension. If your replacement property is being constructed and you clearly show that the construction can’t be completed within the replacement period, you may be granted an extension of the period.

Gains Realized on Homes in Disaster Areas

The following rules apply if your main home was located in an area declared by the President of the United States to warrant federal assistance as the result of a disaster, and the home or any of its contents were damaged or destroyed due to the disaster. These rules also apply to renters who receive insurance proceeds for damaged or destroyed property in a rented home that is their main home.

1. No gain is recognized on any insurance proceeds received for unscheduled personal property that was part of the contents of the home.

2. Any other insurance proceeds you receive for the home or its contents are treated as received for a single item of property, and any replacement property you purchase that is similar or related in service or use to the home or its contents is treated as similar or related in service or use to that single item of property. Therefore, you can choose to recognize gain only to the extent the insurance proceeds treated as received

for that single item of property exceed the cost of the replacement property.

3. If you choose to postpone any gain from the receipt of insurance or other reimbursement for your main home or any of its contents, the period in which you must purchase replacement property is extended until 4 years after the end of the first tax year in which any part of the gain is realized.

For details on how to postpone gain, see *How To Postpone a Gain*, later.

Example. Your main home and its contents were completely destroyed in 2023 by a tornado in a federally declared disaster area. In 2023, you received insurance proceeds of $200,000 for the home, $25,000 for unscheduled personal property in your home, $5,000 for jewelry, and $10,000 for a stamp collection.

No gain is recognized on the $25,000 of insurance proceeds you received for the unscheduled personal property.

The jewelry and stamp collection were kept in your home and were scheduled property on your insurance policy. Your home and its replacement contents are considered a single item of property for the purpose of recognizing gain on the involuntary conversion your home and its contents.

If you reinvest the remaining insurance proceeds of $215,000 in a replacement home and its replacement contents, you can elect to postpone any gain on your home, jewelry, or stamp collection.

If you reinvest less than the remaining $215,000 of insurance proceeds in a replacement home and its replacement contents, you may have to recognize any gain to the extent the $215,000 of insurance proceeds exceeds the amount you invest in a replacement home and its replacement contents.

See Pub. 523 for more information on gain that may be excluded on a sale, including the receipt of insurance proceeds for a destruction of your home.

To postpone the gain, you must purchase the replacement property before 2028. Your basis in the replacement property equals its cost decreased by the amount of any postponed gain.

How To Postpone a Gain

You postpone reporting your gain from a casualty or theft by reporting your choice on your tax return for the year you have the gain. You have the gain in the year you receive insurance proceeds or other reimbursements that result in a gain.

If a partnership or a corporation owns the stolen or destroyed property, only the partnership or corporation can choose to postpone reporting the gain.

Required statement. You should attach a statement to your return for the year you have the gain. This statement should include the following.

- The date and details of the casualty or theft.
- The insurance or other reimbursement you received from the casualty or theft.
- How you figured the gain.

Replacement property acquired before return filed. If you acquire replacement property before you file your return for the year you have the gain, your statement should also include detailed information about all of the following.

- The replacement property.
- The postponed gain.

- The basis adjustment that reflects the postponed gain.
- Any gain you are reporting as income.

Replacement property acquired after return filed. If you intend to acquire replacement property after you file your return for the year in which you have the gain, your statement should also state that you are choosing to replace the property within the required replacement period.

You should then attach another statement to your return for the year in which you acquire the replacement property. This statement should contain detailed information on the replacement property.

If you acquire part of your replacement property in one year and part in another year, you must make a statement for each year. The statement should contain detailed information on the replacement property acquired in that year.

Substituting replacement property. Once you have acquired qualified replacement property that you designate as replacement property in a statement attached to your tax return, you can’t later substitute other qualified replacement property. This is true even if you acquire the other property within the replacement period. However, if you discover that the original replacement property wasn’t qualified replacement property, you can (within the replacement period) substitute the new qualified replacement property.

Amended return. You must file an amended return (individuals use Form 1040-X) for the tax year of the gain in either of the following situations.

- You don’t acquire replacement property within the required replacement period plus extensions. On this amended return, you must report the gain and pay any additional tax due.

- You acquire replacement property within the required replacement period plus extensions, but at a cost less than the amount you receive for the casualty or theft. On this amended return, you must report the portion of the gain that can’t be postponed and pay any additional tax due.

Three-year limit. The period for assessing tax on any gain ends 3 years after the date you notify the director of the IRS for your area of any of the following.

- You replaced the property.
- You don’t intend to replace the property.
- You didn’t replace the property within the replacement period.

Changing your mind. You can change your mind about whether to report or to postpone reporting your gain at any time before the end of the replacement period.

Example. Your property was destroyed in 2022 due to a federally declared disaster. Your insurance company reimbursed you $10,000, of which $5,000 was a gain. You reported the $5,000 gain on your return for 2022 (the year you realized the gain) and paid the tax due. In 2023, you bought replacement property. Your replacement property cost $9,000. Because you reinvested all but $1,000 of your reimbursement, you can now postpone reporting $4,000 ($5,000 − $1,000) of your gain.

To postpone reporting your gain, file an amended return for 2022 using Form 1040-X. You should attach an explanation showing that you previously reported the entire gain from the casualty but you now want to report only the part of the gain ($1,000) equal to the part of the reimbursement not spent for replacement property.

When To Report Gains and Losses

Gains. If you receive an insurance or other reimbursement that is more than your adjusted basis in the destroyed or stolen property, you have a gain from the casualty or theft. You must include this gain in your income in the year you receive the reimbursement, unless you choose to postpone reporting the gain, as explained earlier.

Losses. Generally, you can deduct a casualty loss that isn’t reimbursable only in the tax year in which the casualty occurred. This is true even if you don’t repair or replace the damaged property until a later year. (However, see *Disaster Area Losses*, later, for an exception.)

You can deduct theft losses that aren’t reimbursable only in the year you discover your property was stolen.

If in the year of the casualty there is a claim for reimbursement with a reasonable prospect of recovery, the loss isn’t sustained until you know with reasonable certainty whether such reimbursement will be received. If you aren’t sure whether part of your casualty or theft loss will be reimbursed, don’t deduct that part until the tax year when you become reasonably certain that it won’t be reimbursed. The later tax year is when your loss is sustained.

Loss on deposits. If your loss is a loss on deposits at an insolvent or bankrupt financial institution, see *Loss on Deposits*, earlier.

Lessee’s loss. If you lease property from someone else, you can deduct a loss on the property in the year your liability for the loss is determined. This is true even if the loss occurred or the liability was paid in a different year. You aren’t entitled to a deduction until your liability under the lease can be determined with reasonable accuracy. Your liability can be determined when a claim for recovery is settled, adjudicated, or abandoned.

Disaster Area Losses

This section discusses the special rules that apply to federally declared disaster area losses. It contains information on when you can deduct your loss, how to claim your loss, how to treat your home in a disaster area, and what tax deadlines may be postponed. It also lists Federal Emergency Management Agency (FEMA) phone numbers. (See *Contacting the Federal Emergency Management Agency (FEMA)*, later.)

A disaster loss is a loss that occurred in an area determined by the President of the United States to warrant assistance by the federal government under the Stafford Act and that is attributable to a federally declared disaster. Disaster areas include areas warranting public or individual assistance (or both). A federally declared disaster includes a major disaster or emergency declaration.

TIP *A list of the areas warranting public or individual assistance (or both) under the Stafford Act is available at FEMA.gov/Disasters.*

FEMA disaster declaration numbers. If you are reporting a casualty or theft loss attributable to a federally declared disaster, check the box and enter the DR or EM declaration number assigned by FEMA in the space provided above line 1 on your 2023 Form 4684. A list of federally declared disasters and FEMA disaster declaration numbers is available at *FEMA.gov/Disasters*.

The FEMA disaster declaration number consists of the letters “DR” and four numbers, or the letters “EM” and four numbers. For example, enter “DR4712” in the respective entry spaces for the Tennessee Severe Thunderstorms and Possible Strong Tornadoes.

Disaster year. The disaster year is the tax year in which you sustained the loss attributable to a federally declared disaster. Generally, a disaster loss is sustained in the year the disaster occurred. However, a disaster loss may also be sustained in a year after the disaster occurred. For example, if a claim for reimbursement exists for which there is a reasonable prospect of recovery, no part of the loss for which reimbursement may be received is sustained until it can be ascertained with reasonable certainty whether you will be reimbursed.

When to deduct the loss. You must generally deduct a casualty loss in the disaster year. However, if you have a casualty loss from a federally declared disaster that occurred in an area warranting public or individual assistance (or both), you can elect to deduct that loss on your return or amended return for the tax year immediately preceding the disaster year. If you make this election, the loss is treated as having occurred in the preceding year. A list of areas warranting public or individual assistance (or both) is available at the FEMA website at *FEMA.gov/Disasters*.

You must make the election to take your casualty loss for the disaster in the preceding year on or before the date that is 6 months after the regular due date for filing your original return (without extensions) for the disaster year. If you are a calendar year taxpayer, you have until October 15, 2024, to amend your 2022 tax return to claim a casualty loss that occurred during 2023.

How to deduct your loss in the preceding year. If you have already filed your return for the preceding year, you can elect to claim a disaster loss against that year's income by filing an amended return. Individuals file an amended return on Form 1040X. (See *How to report the loss on Form 1040X*, later.)

To make this election, complete Part I of Section D on the 2022 Form 4684 and attach it to your 2022 return or amended return that claims the disaster loss deduction.

You must make an election to deduct the loss in the preceding year on or before the date that is 6 months after the regular due date for filing your original return (without extensions) for the disaster year. For individual calendar year taxpayers, the deadline for electing to take a 2023 disaster loss on your 2022 tax return is October 15, 2024. See the 2022 Instructions for Form 4684 for more detailed information on how to claim these losses on your original or amended 2022 return.

If you claimed a deduction for a disaster loss on the tax return for the disaster year 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.

TIP *Claiming a qualifying disaster loss on the previous year's return may result in a lower tax for that year, often producing or increasing a cash refund.*

Revoking the election to deduct the loss in the preceding year. Complete Part II of Section D on the 2022 Form 4684 if you want to revoke a 2023 disaster year election to deduct a federally declared disaster loss in the preceding tax year. Attach the completed Section D to an amended return for the preceding year (that is, to an amended 2022 return for the revocation of a 2023 disaster year election).

Your amended return revoking the election must be filed on or before the date that is 90 days after the due date for making the election **and** on or before the date you file any return or amended return for the year that includes the disaster loss.

Your amended return (revoking the previous disaster loss election) should refigure your tax liability as a result of revoking the election. You must pay or make arrangements to pay any tax and interest due as a result of the revocation.

Qualified disaster losses. A qualified disaster loss is an individual’s casualty or theft loss of personal-use property that is attributable to a major disaster that was declared by the President during the period between January 1, 2020, and February 25, 2021. Also, this disaster must have an incident period that began on or after December 28, 2019, and on or before December 27, 2020, and must have ended no later than January 26, 2021. The definition of a qualified disaster loss does not extend to any major disaster which has been declared only by reason of COVID19 (because the incident period for COVID19 extended beyond January 26, 2021). Thus, given that the incident period for COVID19 generally ran from January 20, 2020, to May 11, 2023, a loss due to COVID19 is not a qualified disaster loss.

A qualified disaster loss also includes an individual's casualty or theft loss of personal-use property that is attributable to:

- A major disaster declared by the President under section 401 of the Stafford Act in 2016;
- Hurricane Harvey;
- Tropical Storm Harvey;
- Hurricane Irma;
- Hurricane Maria;
- The California wildfires in 2017 and January 2018; and
- A major disaster that was declared by the President under section 401 of the Stafford Act and that occurred in 2018

and before December 21, 2019, and continued no later than January 19, 2020 (except those attributable to the California wildfires in January 2018 that received prior relief).

See *IRS.gov/DisasterTaxRelief* for date-specific declarations associated with these disasters and for more information.

Note. If you suffered a qualified disaster loss, you are eligible to claim a casualty loss deduction and to elect to claim the loss in the preceding tax year.

Increased standard deduction reporting. If you have a net qualified disaster loss on Form 4684, line 15, and you aren’t itemizing your deductions, you can claim an increased standard deduction using Schedule A (Form 1040) by doing the following.

1. Enter the amount from Form 4684, line 15, on the dotted line next to line 16 on

Schedule A and the description “Net Qualified Disaster Loss.”

2. Also, enter on the dotted line next to line 16 your standard deduction amount and the description “Standard Deduction Claimed With Qualified Disaster Loss.”

3. Combine these two amounts and enter on line 16 of Schedule A and Form 1040 or 1040SR, line 12.

The alternative minimum tax adjustment for the standard deduction is made retroactively inapplicable to net qualified disaster losses. See Taxpayers who also file the 2023 Form 6251, Alternative Minimum Tax for Individuals*, in the Instructions for Form 4684 for more information.*

Main home in disaster area. If your home is located in a federally declared disaster area, you can postpone reporting the gain if you spend the reimbursement to repair or replace your home. Special rules apply to replacement property related to the damage or destruction of your main home (or its contents) if located in these areas. For more information, see *Gains Realized on Homes in Disaster Areas*, earlier.

Home made unsafe by disaster. If your home is located in a federally declared disaster area, your state or local government may order you to tear it down or move it because it is no longer safe to live in because of the disaster. If this happens, treat the loss in value as a casualty loss from a disaster. Your state or local government must issue the order for you to tear down or move the home within 120 days after the area is declared a disaster area.

Figure your loss in the same way as for casualty losses of personal-use property. (See *Figuring a Loss*, earlier.) In determining the decrease in FMV, use the value of your home before you move it or tear it down as its FMV after the casualty.

Unsafe home. Your home will be considered unsafe only if both of the following apply.

- Your home is substantially more dangerous after the disaster than it was before the disaster.
- The danger is from a substantially increased risk of future destruction from the disaster.

Example. Due to a severe storm, the President declared the county you live in a federal disaster area. Although your home has only minor damage from the storm, a month later the county issues a demolition order. This order is based on a finding that your home is unsafe due to nearby mud slides caused by the storm. The loss in your home's value because the mud slides made it unsafe is treated as a casualty loss from a disaster. The loss in value is the difference between your home's FMV immediately before the disaster and immediately after the disaster.

Figuring the loss deduction. When electing to deduct your loss in the preceding year, unless you have a qualified disaster loss, discussed earlier, you must figure the loss under the usual rules for casualty losses, as if it occurred in the year preceding the disaster.

Example. A hurricane damaged your main home and destroyed your furniture in September 2023. This was your only casualty loss for the year. Your home is located in a federally declared disaster area designated by FEMA in September 2023 for public or individual assistance (or both). The cost of your home and land was $134,000. The FMV immediately before the disaster was $147,500 and the FMV immediately afterward was $100,000. You separately figured the loss on each item of furniture (see *Figuring the Deduction*, earlier) and arrived at a total loss for furniture of $3,000. Your insurance didn't cover this type of casualty loss, and you expect no reimbursement for either your home or your furniture.

You elect to amend your 2022 return to claim your casualty loss for the disaster. Your AGI on your 2022 return was $71,000. Using the rules applicable to disaster losses, you figure your casualty loss as follows.

	House	Furnishings
1. Cost	$134,000	$10,000
2. FMV before disaster	$147,500	$8,000
3. FMV after disaster	100,000	5,000
4. Decrease in FMV (line 2 – line 3)	$47,500	$3,000
5. Smaller of line 1 or line 4	$47,500	$3,000
6. Subtract estimated insurance	-0-	-0-
7. Loss after reimbursement	$47,500	$3,000
8. Total loss		$50,500
9. Subtract $100		100
10. Loss after $100 rule		$50,400
11. Subtract 10% of $71,000 AGI		7,100
12. **Amount of casualty loss deduction**		**$43,300**

How to report the loss on Form 1040X. You should adjust your deductions on Form 1040X. The Instructions for Form 1040X show how to do this. Explain the reasons for your adjustment and attach Form 4684 to show how you figured your loss. See *Figuring a Loss*, earlier.

If the damaged or destroyed property was nonbusiness property **and** you didn't itemize your deductions on your original return, you must first determine whether the casualty loss deduction now makes it advantageous for you to itemize. It is advantageous to itemize if the total of the casualty loss deduction and any other itemized deductions is more than your standard deduction. If you itemize, attach Schedule A (Form 1040) or Schedule A (Form 1040NR), and Form 4684 to your amended return. Fill out Form 1040X to refigure your tax to find your refund.

Records. You should keep the records that support your loss deduction. You don’t have to attach them to the amended return.

If your records were destroyed or lost, you may have to reconstruct them. Information about reconstructing records is available at *IRS.gov/Newsroom/Reconstructing-Records-After-a-Natural-Disaster-o-rCasualty-Loss* or see *Pub. 3067, IRS Disaster Assistance-Federally Declared Disaster Area*.

Need a copy of your tax return for the preceding year? It will be easier to prepare Form 1040X if you have a copy of your tax return for the preceding year. If you had your tax return completed by a tax preparer, he or she should be able to provide you with a copy of your return. If not, you can get a copy by filing Form 4506 with the IRS. There is a fee for each return requested. However, if your main home, principal place of business, or tax records are located in a federally declared disaster area, this fee will be waived. Write the name of the disaster in the top margin of Form 4506 (for example, “Tennessee Severe Thunderstorms and Possible Strong Tornadoes”).

Other Disaster Issues

Disaster loss to inventory. If your inventory loss qualifies as a casualty loss and is attributable to a federally declared disaster in an area designated by FEMA for public or individual assistance (or both), you may elect to deduct the loss on your return or amended return for the immediately preceding year. However, decrease your opening inventory for the year of the loss so that the loss won’t be reported again in inventories.

Federal loan canceled. If part of your federal disaster loan was canceled under the Stafford Act, it is considered to be reimbursement for the loss. The cancellation reduces your casualty loss deduction.

Federal disaster relief grants. Don’t include post-disaster relief grants received under the Stafford Act in your income if the grant payments are made to help you meet necessary expenses or serious needs for medical, dental, housing, personal property, transportation, or funeral expenses. Don’t deduct casualty losses or medical expenses to the extent they are specifically reimbursed by these disaster relief grants. If the casualty loss was specifically reimbursed by the grant and you received the grant after the year in which you deducted the casualty loss, see *Reimbursement Received After Deducting Loss*, earlier. Unemployment assistance payments under the Stafford Act are taxable unemployment compensation.

State disaster relief grants for businesses. A grant that a business receives under a state program to reimburse businesses for losses incurred for damage or destruction of property because of a disaster isn’t excludable from income under the general welfare exclusion, as a gift, as a qualified disaster relief payment (explained next), or as a contribution to capital. However, the business can choose to postpone reporting gain realized from the grant if it buys qualifying replacement property within a certain period of time. See *Postponement of Gain*, earlier, for the rules that apply.

Qualified disaster relief payments. Qualified disaster relief payments aren’t included in the income of individuals to the extent any expenses compensated by these payments aren’t otherwise compensated for by insurance or other reimbursement. These payments aren’t subject to income tax, self-employment tax, or employment taxes (social security, Medicare, and federal unemployment taxes). No withholding applies to these payments.

Qualified disaster relief payments include payments you receive (regardless of the source) for the following expenses.

- Reasonable and necessary personal, family, living, or funeral expenses incurred as a result of a federally declared disaster.
- Reasonable and necessary expenses incurred for the repair or rehabilitation of a personal residence due to a federally declared disaster. (A personal residence can be a rented residence or one you own.)
- Reasonable and necessary expenses incurred for the repair or replacement of the contents of a personal residence due to a federally declared disaster.

Qualified disaster relief payments also include amounts paid to individuals affected by the disaster by a federal, state, or local government in connection with a federally declared disaster. These payments must be made from a governmental fund, be based on individual or family needs, and not be compensation for services. Payments to businesses generally don't qualify.

CAUTION *Qualified disaster relief payments don't include:*

- *Payments for expenses otherwise paid for by insurance or other reimbursements; or*
- *Income replacement payments, such as payments of lost wages, lost business income, or unemployment compensation.*

Qualified disaster mitigation payments. Qualified disaster mitigation payments made under the Stafford Act or the National Flood Insurance Act (as in effect on April 15, 2005) aren't included in income. These are payments you, as a property owner, receive to reduce the risk of future damage to your property. You can't increase your basis in the property, or take a deduction or credit, for expenditures made with respect to those payments.

Sale of property under hazard mitigation program. Generally, if you sell or otherwise transfer property, you must recognize any gain or loss for tax purposes unless the property is your main home. You report the gain or deduct the loss on your tax return for the year you realize it. (You can’t deduct a loss on personal-use property unless the loss resulted from a casualty, as discussed earlier.) However, if you sell or otherwise transfer property to the federal government, a state or local government, or an Indian tribal government under a hazard mitigation program, you can choose to postpone reporting the gain if you buy qualifying replacement property within a certain period of time. See Postponement of Gain, earlier, for the rules that apply.

Gains. Special rules apply if you choose to postpone reporting gain on property damaged or destroyed in a federally declared disaster area. For these special rules, see the following discussions.

- *Main home in disaster area*, earlier, under *Replacement Property*.
- *Business or income-producing property located in a federally declared disaster area*, earlier, under *Replacement Property*.

Table 3. **When To Deduct a Casualty or Theft Loss**

IF you have a loss...*	**THEN deduct it in the...**
from a casualty*	year the loss occurred.
in a federally declared disaster area	disaster year or the year immediately before the disaster year.

from a theft	year the theft was discovered.
on a deposit treated as a casualty	year a reasonable estimate can be made.
* If you are an individual, casualty and theft losses of personal-use property are deductible only if the loss is attributable to a federally declared disaster. An exception applies where you have personal casualty gains.	

Postponed Tax Deadlines

The IRS may postpone for up to 1 year certain tax deadlines of taxpayers who are affected by a federally declared disaster. The tax deadlines the IRS may postpone include those for filing income, excise, and employment tax returns; paying income, excise, and employment taxes; and making contributions to a traditional IRA or Roth IRA.

If any tax deadline is postponed, the IRS will publicize the postponement in your area and publish a news release and, where necessary, in a revenue ruling, revenue procedure, notice, announcement, or other guidance in the Internal Revenue Bulletin (IRB). Go to *IRS.gov/DisasterTaxRelief* to find out if a tax deadline has been postponed for your area.

Who is eligible. If the IRS postpones a tax deadline, the following taxpayers are eligible for the postponement.

- Any individual whose main home is located in a covered disaster area (defined later).
- Any business entity or sole proprietor whose principal place of business is located in a covered disaster area.
- Any individual who is a relief worker affiliated with a recognized government or

philanthropic organization and who is assisting in a covered disaster area.

- Any individual, business entity, or sole proprietorship whose records are needed to meet a postponed tax deadline, provided those records are maintained in a covered disaster area. The main home or principal place of business doesn’t have to be located in the covered disaster area.
- Any estate or trust that has tax records necessary to meet a postponed tax deadline, provided those records are maintained in a covered disaster area.
- The spouse on a joint return with a taxpayer who is eligible for postponements.
- Any individual, business entity, or sole proprietorship not located in a covered disaster area, but whose records necessary to meet a postponed tax

deadline are located in the covered disaster area.

- Any individual visiting the covered disaster area who was killed or injured as a result of the disaster.
- Any other person determined by the IRS to be affected by a federally declared disaster.

Covered disaster area. This is an area of a federally declared disaster in which the IRS has decided to postpone tax deadlines for up to 1 year.

Mandatory 60-day postponement. Certain taxpayers affected by a federally declared disaster that occurs after December 20, 2019, may be eligible for a mandatory 60-day postponement for certain tax deadlines such as filing or paying income, excise, and employment taxes; and making contributions to a traditional IRA or Roth IRA.

The period beginning on the earliest incident date specified in the disaster declaration and ending on the date that is 60 days after either the earliest incident date or the date of the declaration, whichever is later, is the period during which the deadlines are postponed.

For information about disaster relief available in your area, including postponements, go to *IRS News Around the Nation.*

Abatement of interest and penalties. The IRS may abate the interest and penalties on underpaid income tax for the length of any postponement of tax deadlines.

Contacting the Federal Emergency Management Agency (FEMA)

You can get information from FEMA by visiting *DisasterAssistance.gov*, or calling the following phone numbers. These numbers are only activated after a federally declared disaster.

- 800-621-3362.
- Dial 711 and provide the TRS operator the number 800-621-3362 if you are deaf, hard of hearing, or have a speech disability.

How To Report Gains and Losses

How you report gains and losses depends on whether the property was business, income-producing, or personal-use property.

Personal-use property. If you have a loss, use both of the following.

- Form 4684.
- Schedule A (Form 1040) (or Schedule A (Form 1040NR), if you are a nonresident alien).
- If you have a gain, report it on both of the following.
- Form 4684.

- Schedule D (Form 1040).

Don’t report on these forms any gain you postpone. If you choose to postpone gain, see *How To Postpone a Gain*, earlier.

Business and income-producing property. Use Form 4684 to report your gains and losses. You will also have to report the gains and losses on other forms, as explained next.

Property held 1 year or less. Individuals report losses from income-producing property on Schedule A (Form 1040). Gains from business and income-producing property are combined with losses from business property and the net gain or loss is reported on Form 4797. If you aren’t otherwise required to file Form 4797, only enter the net gain or loss on your tax return on the line identified as from Form 4797 (for individuals filing Form 1040 or 1040SR, this would be Schedule 1 (Form 1040), line 4). Next to that line, enter “Form 4684.” Partnerships and S corporations should see the Instructions for Form 4684 to find out where to report these gains and losses.

Property held more than 1 year. If your losses from business and income-producing property are more than gains from these types of property, combine your losses from business property with total gains from business and income-producing property. Report the net gain or loss as an ordinary gain or loss on Form 4797. If you aren't otherwise required to file Form 4797, only enter the net gain or loss on your tax return on the line identified as from Form 4797 (for individuals filing Form 1040 or 1040SR, this would be Schedule 1 (Form 1040), line 4). Next to that line, enter "Form 4684." Individuals deduct any loss of income-----producing property on Schedule A (Form 1040). Partnerships and S corporations should see Form 4684 to find out where to report these gains and losses.

If losses from business and income-producing property are less than or equal to gains from these types of property, report the net amount on Form 4797. You may also have to report the gain on Schedule D (Form 1040) depending on whether you have other transactions. Partnerships and S corporations should see Form 4684 to find out where to report these gains and losses.

Depreciable property. If the damaged or stolen property was depreciable property held more than 1 year, you may have to treat all or part of the gain as ordinary income to the extent of depreciation allowed or allowable. You figure the ordinary income part of the gain in Part III of Form 4797. See *Depreciation Recapture* in chapter 3 of Pub. 544 for more information about the recapture rule.

Adjustments to Basis

If you have a casualty or theft loss, you must decrease your basis in the property by any insurance or other reimbursement you receive and by any deductible loss. The result is your adjusted basis in the property.

If you make either of the basis adjustments described above, amounts you spend on repairs that restore the property to its pre-casualty condition increase your adjusted basis. Don’t increase your basis in the property by any qualified disaster mitigation payments (discussed earlier under *Disaster Area Losses*). See *Adjusted Basis* in Pub. 551 for more information on adjustments to basis.

If Deductions Are More Than Income

If your casualty or theft loss deduction causes your deductions for the year to be more than your income for the year, you may have a net operating loss (NOL). You don’t have to be in business to have an NOL from a casualty or theft loss. For more information, see Pub. 536, Net Operating Losses (NOLs) for Individuals, Estates, and Trusts.

How To Get Tax Help

If you have questions about a tax issue; need help preparing your tax return; or want to download free publications, forms, or instructions, go to *IRS.gov* to find resources that can help you right away.

Preparing and filing your tax return. After receiving all your wage and earnings statements (Forms W2, W2G, 1099R, 1099MISC, 1099NEC, etc.); unemployment compensation statements (by mail or in a digital format) or other government payment statements (Form 1099G); and interest, dividend, and retirement statements from banks and investment firms (Forms 1099), you have several options to choose from to prepare and file your tax return. You can prepare the tax return yourself, see if you qualify for free tax preparation, or hire a tax professional to prepare your return.

Free options for tax preparation. Your options for preparing and filing your return online or in your local community, if you qualify, include the following.

- **Free File.** This program lets you prepare and file your federal individual income tax return for free using software or Free File Fillable Forms. However, state tax preparation may not be available through Free File. Go to *IRS.gov/FreeFile* to see if you qualify for free online federal tax preparation, e-filing, and direct deposit or payment options.
- **VITA.** The Volunteer Income Tax Assistance (VITA) program offers free tax help to people with low-to-moderate incomes, persons with disabilities, and limited-English-speaking taxpayers who

need help preparing their own tax returns. Go to *IRS.gov/ VITA*, download the free IRS2Go app, or call 8009069887 for information on free tax return preparation.

- **TCE.** The Tax Counseling for the Elderly (TCE) program offers free tax help for all taxpayers, particularly those who are 60 years of age and older. TCE volunteers specialize in answering questions about pensions and retirement-related issues unique to seniors. Go to *IRS.gov/TCE* or download the free IRS2Go app for information on free tax return preparation.
- **MilTax.** Members of the U.S. Armed Forces and qualified veterans may use MilTax, a free tax service offered by the Department of Defense through Military OneSource. For more information, go to *MilitaryOneSource* (*MilitaryOneSource.mil/MilTax*).

Also, the IRS offers Free Fillable Forms, which can be completed online and then e-filed regardless of income.

Using online tools to help prepare your return. Go to *IRS.gov/Tools* for the following.

- The *Earned Income Tax Credit Assistant* (*IRS.gov/EITCAssistant*) determines if you're eligible for the earned income credit (EIC).
- The *Online EIN Application* (*IRS.gov/EIN*) helps you get an employer identification number (EIN) at no cost.
- The *Tax Withholding Estimator* (*IRS.gov/W4App*) makes it easier for you to estimate the federal income tax you want your employer to withhold from your paycheck. This is tax withholding. See how your withholding affects your refund, take-home pay, or tax due.
- The *First-Time Homebuyer Credit Account Lookup* (*IRS.gov/HomeBuyer*) tool

provides information on your repayments and account balance.

- The *Sales Tax Deduction Calculator* (*IRS.gov/SalesTax*) figures the amount you can claim if you itemize deductions on Schedule A (Form 1040).

Getting answers to your tax questions. On IRS.gov, you can get up-to-date information on current events and changes in tax law.

- *IRS.gov/Help*: A variety of tools to help you get answers to some of the most common tax questions.

- *IRS.gov/ITA*: The Interactive Tax Assistant, a tool that will ask you questions and, based on your input, provide answers on a number of tax topics.

- *IRS.gov/Forms*: Find forms, instructions, and publications. You will find details on the most recent tax changes and interactive links to help you find answers to your questions.

- You may also be able to access tax information in your e-filing software.

Need someone to prepare your tax return? There are various types of tax return preparers, including enrolled agents, certified public accountants (CPAs), accountants, and many others who don’t have professional credentials. If you choose to have someone prepare your tax return, choose that preparer wisely. A paid tax preparer is:

- Primarily responsible for the overall substantive accuracy of your return,
- Required to sign the return, and
- Required to include their preparer tax identification number (PTIN).

Although the tax preparer always signs the return, you're ultimately responsible for providing all the information required for the preparer to accurately prepare your return and for the accuracy of every item reported on the return. Anyone paid to prepare tax returns for others should have a thorough understanding of tax matters. For more information on how to choose a tax preparer, go to Tips for Choosing a Tax Preparer on IRS.gov.

Employers can register to use Business Services Online. The Social Security Administration (SSA) offers online service at *SSA.gov/employer* for fast, free, and secure W2 filing options to CPAs, accountants, enrolled agents, and individuals who process Form W2, Wage and Tax Statement, and Form W2c, Corrected Wage and Tax Statement.

IRS social media. Go to *IRS.gov/SocialMedia* to see the various social media tools the IRS uses to share the latest information on tax changes, scam alerts, initiatives, products, and services. At the IRS, privacy and security are our highest priority. We use these tools to share public information with you. **Don't** post your social security number (SSN) or other confidential information on social media sites. Always protect your identity when using any social networking site.

The following IRS YouTube channels provide short, informative videos on various taxrelated topics in English, Spanish, and ASL.

- *Youtube.com/irsvideos.*
- *Youtube.com/irsvideosmultilingua.*
- *Youtube.com/irsvideosASL.*

Watching IRS videos. The IRS Video portal (*IRSVideos.gov*) contains video and audio presentations for individuals, small businesses, and tax professionals.

Online tax information in other languages. You can find information on *IRS.gov/MyLanguage* if English isn't your native language.

Free Over-the-Phone Interpreter (OPI) Service. The IRS is committed to serving taxpayers with limited-English proficiency (LEP) by offering OPI services. The OPI

Service is a federally funded program and is available at Taxpayer Assistance Centers (TACs), most IRS offices, and every VITA/TCE tax return site. The OPI Service is accessible in more than 350 languages.

Accessibility Helpline available for taxpayers with disabilities. Taxpayers who need information about accessibility services can call 8336900598. The Accessibility Helpline can answer questions related to current and future accessibility products and services available in alternative media formats (for example, braille, large print, audio, etc.). The Accessibility Helpline does not have access to your IRS account. For help with tax law, refunds, or account-related issues, go to *IRS.gov/LetUsHelp*.

Note. Form 9000, Alternative Media Preference, or Form 9000(SP) allows you to elect to receive certain types of written correspondence in the following formats.

- Standard Print.
- Large Print.
- Braille.
- Audio (MP3).
- Plain Text File (TXT).
- Braille Ready File (BRF).

Disasters. Go to *IRS.gov/DisasterRelief* to review the available disaster tax relief.

Getting tax forms and publications. Go to *IRS.gov/Forms* to view, download, or print all the forms, instructions, and publications you may need. Or, you can go to *IRS.gov/OrderForms* to place an order.

Getting tax publications and instructions in eBook format. Download and view most tax publications and instructions (including the Instructions for Form 1040) on mobile devices as eBooks at *IRS.gov/eBooks*.

IRS eBooks have been tested using Apple's iBooks for iPad. Our eBooks haven’t been tested on other dedicated eBook readers, and eBook functionality may not operate as intended.

Access your online account (individual taxpayers only). Go to *IRS.gov/Account* to securely access information about your federal tax account.

- View the amount you owe and a breakdown by tax year.
- See payment plan details or apply for a new payment plan.

- Make a payment or view 5 years of payment history and any pending or scheduled payments.
- Access your tax records, including key data from your most recent tax return, and transcripts.
- View digital copies of select notices from the IRS.
- Approve or reject authorization requests from tax professionals.
- View your address on file or manage your communication preferences.

Get a transcript of your return. With an online account, you can access a variety of information to help you during the filing season. You can get a transcript, review your most recently filed tax return, and get your adjusted gross income. Create or access your online account at *IRS.gov/Account*.

Tax Pro Account. This tool lets your tax professional submit an authorization request to access your individual taxpayer IRS online account. For more information, go to *IRS.gov/TaxProAccount*.

Using direct deposit. The safest and easiest way to receive a tax refund is to e-file and choose direct deposit, which securely and electronically transfers your refund directly into your financial account. Direct deposit also avoids the possibility that your check could be lost, stolen, destroyed, or returned undeliverable to the IRS. Eight in 10 taxpayers use direct deposit to receive their refunds. If you don't have a bank account, go to *IRS.gov/DirectDeposit* for more information on where to find a bank or credit union that can open an account online.

Reporting and resolving your tax-related identity theft issues.

- Tax-related identity theft happens when someone steals your personal information to commit tax fraud. Your taxes can be affected if your SSN is used to file a fraudulent return or to claim a refund or credit.

- The IRS doesn’t initiate contact with taxpayers by email, text messages (including shortened links), telephone calls, or social media channels to request or verify personal or financial information. This includes requests for personal identification numbers (PINs), passwords, or similar information for credit cards, banks, or other financial accounts.
- Go to *IRS.gov/IdentityTheft*, the IRS Identity Theft Central webpage, for information on identity theft and data security protection for taxpayers, tax professionals, and businesses. If your SSN has been lost or stolen or you suspect you’re a victim of tax-related identity theft, you can learn what steps you should take.

- Get an Identity Protection PIN (IP PIN). IP PINs are six-digit numbers assigned to taxpayers to help prevent the misuse of their SSNs on fraudulent federal income tax returns. When you have an IP PIN, it prevents someone else from filing a tax return with your SSN. To learn more, go to *IRS.gov/IPPIN*.

Ways to check on the status of your refund.

- Go to IRS.gov/Refunds.
- Download the official IRS2Go app to your mobile device to check your refund status.
- Call the automated refund hotline at 800-829-1954.

The IRS can't issue refunds before mid-February for returns that claimed the EIC or the additional child tax credit (ACTC). This applies to the entire refund, not just the portion associated with these credits.

Making a tax payment. Payments of U.S. tax must be remitted to the IRS in U.S. dollars. *Digital assets* are **not** accepted. Go to *IRS.gov/Payments* for information on how to make a payment using any of the following options.

- *IRS Direct Pay*: Pay your individual tax bill or estimated tax payment directly from your checking or savings account at no cost to you.
- *Debit Card, Credit Card, or Digital Wallet*: Choose an approved payment processor to pay online or by phone.
- *Electronic Funds Withdrawal*: Schedule a payment when filing your federal taxes using tax return preparation software or through a tax professional.
- *Electronic Federal Tax Payment System*: Best option for businesses. Enrollment is required.

- *Check or Money Order*: Mail your payment to the address listed on the notice or instructions.
- *Cash*: You may be able to pay your taxes with cash at a participating retail store.
- *Same-Day Wire*: You may be able to do same-day wire from your financial institution. Contact your financial institution for availability, cost, and time frames.

Note. The IRS uses the latest encryption technology to ensure that the electronic payments you make online, by phone, or from a mobile device using the IRS2Go app are safe and secure. Paying electronically is quick, easy, and faster than mailing in a check or money order.

What if I can’t pay now? Go to *IRS.gov/Payments* for more information about your options.

- Apply for an *online payment agreement* (*IRS.gov/ OPA*) to meet your tax obligation in monthly installments if you can’t pay your taxes in full today. Once you complete the online process, you will receive immediate notification of whether your agreement has been approved.
- Use the *Offer in Compromise Pre-Qualifier* to see if you can settle your tax debt for less than the full amount you owe. For more information on the Offer in Compromise program, go to *IRS.gov/OIC*.

Filing an amended return. Go to *IRS.gov/Form1040X* for information and updates.

Checking the status of your amended return. Go to *IRS.gov/WMAR* to track the status of Form 1040X amended returns.

It can take up to 3 weeks from the date you filed your amended return for it to show up in our system, and processing it can take up to 16 weeks.

Understanding an IRS notice or letter you've received. Go to *IRS.gov/Notices* to find additional information about responding to an IRS notice or letter.

Responding to an IRS notice or letter. You can now upload responses to all notices and letters using the Document Upload Tool. For notices that require additional action, taxpayers will be redirected appropriately on IRS.gov to take further action. To learn more about the tool, go to *IRS.gov/Upload*.

Note. You can use Schedule LEP (Form 1040), Request for Change in Language Preference, to state a preference to receive notices, letters, or other written communications from the IRS in an alternative language. You may not immediately receive written communications in the requested language. The IRS's commitment to LEP taxpayers is part of a multiyear timeline that began providing translations in 2023. You will continue to receive communications, including notices and letters, in English until they are translated to your preferred language.

Contacting your local TAC. Keep in mind, many questions can be answered on IRS.gov without visiting a TAC. Go to *IRS.gov/LetUsHelp* for the topics people ask about most. If you still need help, TACs provide tax help when a tax issue can't be handled online or by phone. All TACs now provide service by appointment, so you'll know in advance that you can get the service you need without long wait times. Before you visit, go to *IRS.gov/TACLocator* to find the nearest TAC and to check hours, available services, and appointment options. Or, on the IRS2Go app, under the Stay Connected tab, choose the Contact Us option and click on "Local Offices."

The Taxpayer Advocate Service (TAS) Is Here To Help You

What Is TAS?

TAS is an ***independent*** organization within the IRS that helps taxpayers and protects taxpayer rights. TAS strives to ensure that every taxpayer is treated fairly and that you know and understand your rights under the *Taxpayer Bill of Rights*.

How Can You Learn About Your Taxpayer Rights?

The Taxpayer Bill of Rights describes 10 basic rights that all taxpayers have when dealing with the IRS. Go to *TaxpayerAdvocate.IRS.gov* to help you understand what these rights mean to you and how they apply. These are ***your*** rights. Know them. Use them.

What Can TAS Do for You?

TAS can help you resolve problems that you can't resolve with the IRS. And their service is free. If you qualify for their assistance, you will be assigned to one advocate who will work with you throughout the process and will do everything possible to resolve your issue. TAS can help you if:

- Your problem is causing financial difficulty for you, your family, or your business;
- You face (or your business is facing) an immediate threat of adverse action; or
- You've tried repeatedly to contact the IRS but no one has responded, or the IRS hasn't responded by the date promised.

How Can You Reach TAS?

TAS has offices *in every state, the District of Columbia, and Puerto Rico*. To find your advocate's number:

- Go to *TaxpayerAdvocate.IRS.gov/Contact-Us*;
- Download Pub. 1546, The Taxpayer Advocate Service Is Your Voice at the IRS, available at *IRS.gov/pub/irs-pdf/p1546.pdf*;
- Call the IRS toll free at 800-TAX-FORM (800-829-3676) to order a copy of Pub. 1546;
- Check your local directory; or
- Call TAS toll free at 877-777-4778.

How Else Does TAS Help Taxpayers?

TAS works to resolve largescale problems that affect many taxpayers. If you know of one of these broad issues, report it to TAS at *IRS.gov/SAMS*. Be sure to not include any personal taxpayer information.

Low Income Taxpayer Clinics (LITCs)

LITCs are independent from the IRS and TAS. LITCs represent individuals whose income is below a certain level and who need to resolve tax problems with the IRS. LITCs can represent taxpayers in audits, appeals, and tax collection disputes before the IRS and in court. In addition, LITCs can provide information about taxpayer rights and responsibilities in different languages for individuals who speak English as a second language. Services are offered for free or a small fee. For more information or to find an LITC near you, go to the LITC page at *TaxpayerAdvocate.IRS.gov/LITC* or see IRS Pub. 4134, *Low Income Taxpayer Clinic List*, at *IRS.gov/pub/irs-pdf/ p4134.pdf*.

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To help us develop a more useful index, please let us know if you have ideas for index entries. See “Comments and Suggestions” in the “Introduction” for the ways you can reach us.

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