Volunteer Income Tax Assistance and Tax Counseling for the Elderly

Casualty Loss Screening Tool

VITA & TCE sites, especially those serving taxpayers in areas impacted by a disaster, should use this tool to determine if the site can assist a taxpayer with return preparation or if there is a need to refer them to a paid preparer.

*A Casualty Loss is the damage, destruction, or loss of property resulting from an identifiable event that is sudden, unexpected and unusual. A Disaster Casualty Loss occurs when the President declares an area as a Federally Declared Disaster Area(s). For tax years 2018 through 2025, casualty losses of personal-use property are deductible only if the loss is attributable to a federally declared disaster.

Were you affected by a federally declared disaster? (i.e. was box 6 in the Additional Information and Questions Related to Preparation of Your Return section of the Intake/Interview Form 13614-C checked?)

- NO: If in scope, prepare tax return as normal.
- YES: Did you suffer a casualty loss* resulting from the disaster?

- NO: Do you operate a business and did the loss affect your business?
  - NO: Provide taxpayer with Pub 2194, Disaster Resource Guide, Pub 4512C and/or Pub 584 and refer to paid or pro bono preparer as appropriate.
  - YES: Reduce the loss by any salvage value, insurance or other reimbursement. Subtract $100 OR $500 per event and 10% of your Adjusted Gross Income. Is there a net loss after these deductions and does it exceed your standard deduction?
    - NO: If in scope, complete tax return as normal.
    - YES: Was the loss for employee property? (Property used in performing services as an employee.)
      - NO: You have the option of taking the loss in the disaster year or filing an amended return for the year immediately before the disaster year. Provide TP with Casualty Loss Publications and refer to paid or pro bono preparer as appropriate.
      - YES: Note: For taxpayer impacted by federally declared disaster on Jan. 1, 2018 – Dec. 20, 2019, there is a waiver of the 10% AGI limitation and the threshold per event is $500. Taxpayers do not need to itemize to take the disaster loss. It can be added to the standard deduction.

- YES: Was your loss covered completely by insurance or other reimbursements?
  - NO: Was the loss to your home or personal property?
    - NO: Was the loss for employee property? (Property used in performing services as an employee.)
      - NO: You have the option of taking the loss in the disaster year or filing an amended return for the year immediately before the disaster year. Provide TP with Casualty Loss Publications and refer to paid or pro bono preparer as appropriate.
      - YES: Note: For taxpayer impacted by federally declared disaster on Jan. 1, 2018 – Dec. 20, 2019, there is a waiver of the 10% AGI limitation and the threshold per event is $500. Taxpayers do not need to itemize to take the disaster loss. It can be added to the standard deduction.
    - YES: Do you know the total value of the loss? (Lesser of adjusted basis of property or decrease in FMV because of the casualty.)
      - NO: Was the loss to your home or personal property?
        - NO: Did you suffer a casualty loss* resulting from the disaster?
          - NO: If in scope, prepare tax return as normal.
          - YES: Was your loss covered completely by insurance or other reimbursements?
            - NO: If in scope, prepare tax return as normal.
            - YES: Was the loss to your home or personal property?
              - NO: Did you suffer a casualty loss* resulting from the disaster?
                - NO: If in scope, prepare tax return as normal.
                - YES: Was your loss covered completely by insurance or other reimbursements?
                  - NO: If in scope, prepare tax return as normal.
                  - YES: Was the loss to your home or personal property?
                    - NO: Did you suffer a casualty loss* resulting from the disaster?
                      - NO: If in scope, prepare tax return as normal.
                      - YES: Was your loss covered completely by insurance or other reimbursements?
                        - NO: If in scope, prepare tax return as normal.
                        - YES: Was the loss to your home or personal property?