

# Casualties and Thefts

▶ See instructions on back.  
 ▶ Attach to Form 1040.

# 1979

Name(s) as shown on Form 1040

Social Security Number

<b>Part I</b> Casualty or Theft	Item or article	Item or article	Item or article	Item or article
<b>1</b> Kind of property . . . . .				
<b>2</b> Cost or basis . . . . .				
<b>3</b> Insurance or other reimbursement . . . . .				
<b>4</b> Gain from casualty or theft. If line 3 is more than line 2, enter difference here and on line 15 or 20 below. Also, skip lines 5 through 14 . . . . . <i>If line 2 is more than line 3, enter zero on line 4 and complete lines 5 through 14.</i>				
<b>5</b> Fair market value of property before casualty or theft . . . . .				
<b>6</b> Fair market value of property after casualty or theft . . . . .				
<b>7</b> Subtract line 6 from line 5 . . . . .				
<b>8</b> Enter smaller of line 2 or line 7 . . . . . <b>Note:</b> <i>If the loss was to property used in a trade or business or for income-producing purposes and totally destroyed by a casualty or lost from theft, enter on line 8, in each column, the amount from line 2.</i>				
<b>9</b> Subtract line 3 from line 8 . . . . .				
<b>10</b> Casualty or theft loss. Add amounts on line 9 . . . . .				
<b>11</b> Enter part of line 9 that is from trade, business, or income producing property here and on line 15 or 20 below . . . . .				
<b>12</b> Subtract line 11 from line 10 . . . . .				
<b>13</b> Enter the amount from line 12 or \$100, whichever is smaller . . . . .				
<b>14</b> Subtract line 13 from line 12. Enter here and on line 15 or 20 below . . . . .				

## Part II Summary of Gains and Losses

(A) Identify casualty or theft	(B) Losses from casualties or thefts		(C) Gains from casualties or thefts includible in income
	(i) Trade, business, rental or royalty property	(ii) Other property	
<b>Casualty or Theft of Property Held One Year or Less</b>			
<b>15</b>			
<b>16</b> Totals. Add amounts on line 15 for each column . . . . .			
<b>17</b> Combine line 16, columns (B)(i) and (C). Enter here and on Form 4797, Part II, line 10, column g ( <b>Note:</b> <i>if Form 4797 is not required for other transactions, enter amount on Form 1040, line 16—identify as "4684"</i> ) . . . . .			
<b>18</b> Enter amount from line 16, column (B)(ii) here and on Schedule A (Form 1040), line 29—identify as "4684" . . . . .			

### Casualty or Theft of Property Held More Than One Year

<b>19</b> Any casualty or theft gains from Form 4797, Part III, line 25 . . . . .			
<b>20</b>			
<b>21</b> Total losses. Add amounts on line 20, columns (B)(i) and (B)(ii) . . . . .			
<b>22</b> Total gains. Add lines 19 and 20, column (C) . . . . .			
<b>23</b> Add line 21, columns (B)(i) and (B)(ii) . . . . .			
<b>24</b> If the loss on line 23 is more than the gain on line 22 . . . . . <b>a.</b> Combine line 21, column (B)(i) and line 22. Enter here and on Form 4797, Part II, line 10, column g ( <b>Note:</b> <i>if Form 4797 is not required for other transactions, enter amount on Form 1040, line 16—identify as "4684"</i> ) . . . . . <b>b.</b> Enter amount from line 21, column (B)(ii) here and on Schedule A (Form 1040), line 29—identify as "4684" . . . . .			
<b>25</b> If the loss on line 23 is equal to or smaller than the gain on line 22, enter the difference here and on Form 4797, Part I, line 4, column g—identify as "Gain from Form 4684, Part II, line 25" . . . . .			

# Instructions

(Section references are to the Internal Revenue Code)

## Purpose of Form:

Use this form to figure your gain or loss from casualty or theft if:

- More than one item was lost or damaged by one or more casualties or thefts,
- You had more than one casualty or theft during the tax year, or
- The casualty or theft was to trade, business or income-producing property.

Use Part I to figure your gain or loss. Use a separate column for each item lost or destroyed by one casualty or theft. Attach additional sheets if necessary. If you had more than one casualty or theft during the tax year, make a separate computation for each casualty or theft, following the format of Part I.

Part II summarizes your gains and losses from casualties and thefts during the tax year. It also shows you where to enter your gain and deduct your loss.

If you are also filing Form 4797, Supplemental Schedule of Gains and Losses, you may use Form 4684 instead of Form 4797, Part I, Section A. If so, enter on Form 4684, Part II, line 19, any casualty or theft gains included in Form 4797, Part III, line 25.

If you need more information, please get Publication 547, Tax Information on Disasters, Casualty Losses, and Thefts. You may also want to get a copy of Publication 584, Disaster Loss Workbook. You can get them from any Internal Revenue Service office.

## Casualty or Theft Losses You May Deduct

You may deduct any loss arising from:

- fire
- storm
- shipwreck
- other casualty
- theft (for example, larceny, embezzlement, and robbery)
- damage to a car that is not the result of a willful act or willful negligence of the driver

## When to Deduct a Loss

**Casualty loss.**—Deduct the part of your casualty loss that will not be reimbursed, in the tax year the casualty occurred. However, a disaster loss may be treated differently. See the section on Special Rule for Disaster Losses.

**Theft loss.**—Deduct the part of your theft loss that will not be reimbursed, in the tax year you discover the theft.

If you are not sure whether part of your casualty or theft loss will be reimbursed, do not deduct that part until the tax year you are reasonably certain that it will not be reimbursed.

If you have previously deducted a loss and are reimbursed for it in a later year,

include the reimbursement in your income for the tax year in which you received it. Include it to the extent the deduction reduced your tax in the prior year.

## Casualty or Theft Gains That You Must Report

If the amount you received in insurance or other compensation is more than the cost or other basis of the property, you have a casualty or theft gain.

If you had a casualty or theft gain from trade, business, or income-producing property subject to recapture under sections 1245, 1250, 1251, 1252, and 1254, first figure the gain on Form 4797, Part III, before using this form.

If property is destroyed or lost by casualty or theft and replaced with similar property, the gain may be partially or wholly nontaxable. For details, see Publication 547. If any part of the gain is not taxable, do not report it on this form.

## How to Figure a Casualty Loss

**Trade, Business, or Income-Producing Property.**—To figure a casualty loss from a trade or business or from income-producing property, measure the decrease in value by taking the building and other items into account separately. For example, if you had a rental property that was damaged by a storm, figure the loss on the building separately from any trees or shrubs that were damaged.

**Other Property.**—To figure a casualty loss involving real property and real property improvements not used in a trade or business, or for income producing purposes, measure the decrease in value of the property as a whole.

## Special Rule for Disaster Losses

A disaster loss is a loss which occurred in an area determined by the President of the United States to warrant Federal disaster assistance. You may elect to deduct the loss in the prior tax year as long as the loss would otherwise be allowed as a deduction in the year it occurred.

This election must be made by filing Form 1040 or Form 1040X on or before the later of the following two dates:

(1) The due date for filing Form 1040 (without extensions) for the tax year in which the disaster actually occurred, or

(2) The due date for filing Form 1040 (including any extension) for the tax year immediately before the tax year in which the disaster actually occurred.

The return claiming the disaster loss should specify the date or dates of the disaster and the city, town, county, and State in which the damaged or destroyed property was located.

You have 90 days after making the election to revoke it by returning any refund or credit you received from the election, to the IRS. If you revoke your election before receiving a refund, you must repay the refund within 30 days after receiving it.

**Note:** To determine the amount to deduct for a disaster loss, you must take into account any benefits you received from

Federal or State programs to restore your property.

## Line-by-Line Instructions

**Line 1—Kind of property.**—Enter in each column the items of property lost or damaged by the casualty or theft. For example, house, car, diamond ring, etc.

**Line 2—Cost or basis.**—Enter in the appropriate columns the cost or other basis of each item. This usually means original cost plus improvements, less depreciation allowed or allowable, amortization, depletion, etc. Special rules apply to property received as a gift or inheritance. For more information, see Publication 551, Basis of Assets.

**Line 3.**—Enter on this line any insurance or other reimbursements you received or expect to receive as a result of the casualty or theft.

**Lines 5, 6, and 7.**—Enter on lines 5 and 6 the fair market value of the property immediately before and immediately after the casualty or theft. The fair market value of property after a theft is zero. Fair market value is generally determined by competent appraisal. This appraisal must take into account the effects of any general market decline that may occur at the same time as the casualty or theft. You may be able to use the cost of repairs to the damaged property as evidence of the loss of value. However, you must show that:

(a) The repairs are necessary to restore the property to the condition it was in immediately before the casualty,

(b) The amount you spent for these repairs is not excessive,

(c) The repairs only correct the damage, and

(d) The value of the property after the repairs is not, as a result of the repairs, more than the value of the property immediately before the casualty.

**Line 11.**—If part of the amount on line 9 is from trade, business, or income producing property, enter that amount on this line. If the loss is from property partly used for personal purposes, such as a personal home with a rental unit, make sure you include only the part used for trade, business, or income producing property on this line.

**Line 14.**—This is the loss from property other than trade, business, or income-producing property.

**Lines 15 and 20.**—Enter on the appropriate lines the gains and losses from casualties and thefts to property held either one year or less, or more than one year.

**Column A.**—Enter the type of casualty or theft. Use a separate line for each casualty or theft during the tax year.

**Column B(i).**—Enter the part of line 11 from trade, business, rental, or royalty property.

**Column B(ii).**—Enter the loss from line 14 and the part of line 11 not to be included in column B(i).

**Column C.**—Enter any gains from line 4.