

Casualties and Thefts

▶ See instructions on back.
 ▶ To be filed with Form 1040, 1041, 1065, 1120, etc.

1980

Name(s) as shown on tax return

Identifying Number

Part I Casualty or Theft	Item or article	Item or article	Item or article	Item or article
1 Kind of property				
2 Cost or basis				
3 Insurance or other reimbursement				
4 Gain from casualty or theft. If line 3 is more than line 2, enter difference here and on line 15 or 20. 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>				
5 Fair market value of property before casualty or theft				
6 Fair market value of property after casualty or theft				
7 Subtract line 6 from line 5				
8 Enter smaller of line 2 or line 7 Note: <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>				
9 Subtract line 3 from line 8				
10 Casualty or theft loss. Add amounts on line 9				
11 Enter the part of line 9 that is from trade, business, or income-producing property here and on line 15 or 20				
12 Subtract line 11 from line 10				
13 Enter the amount from line 12 or \$100, whichever is smaller				
14 Subtract line 13 from line 12. Enter here and on line 15 or 20				

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	
Casualty or Theft of Property Held One Year or Less			
15			
16 Totals. Add amounts on line 15 for each column			
17 Combine line 16, columns (B)(i) and (C). Enter the net gain or (loss) here and on Form 4797, Part II, line 8. (If Form 4797 is not otherwise required, see instructions.)			
18 Enter amount from line 16, column (B)(ii) here and on line 29 of Schedule A (Form 1040)—identify as "4684"			
Casualty or Theft of Property Held More Than One Year			
19 Any casualty or theft gains from Form 4797, Part III, line 26			
20			
21 Total losses. Add amounts on line 20, columns (B)(i) and (B)(ii)			
22 Total gains. Add lines 19 and 20, column (C)			
23 Add line 21, columns (B)(i) and (B)(ii)			
24 If the loss on line 23 is more than the gain on line 22			
a. Combine line 21, column (B)(i) and line 22. Enter the net gain or (loss) here and on Form 4797, Part II, line 8. (If Form 4797 is not otherwise required, see instructions.)			
b. Enter amount from line 21, column (B)(ii) here and on line 29 of Schedule A (Form 1040)—identify as "4684"			
25 If the loss on line 23 is equal to or smaller than the gain on line 22, enter the net gain here and on Form 4797, Part I, line 2. (If Form 4797 is not otherwise required, see instructions.)			

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.

Individuals: If all of the following apply, you do not have to use Form 4684. Instead, use Schedule A (Form 1040) and the worksheet in the Schedule A instructions:

- The casualty or theft resulted in a loss.
- You only had one loss during the year.
- Only one item was lost or damaged from the one loss.
- The loss was to property that was not used in a trade or business, or for income-producing purposes.

Form 4684 has two parts

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. Use a separate Part I for each casualty and theft during the tax year.

Part II summarizes all 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.

Publication 584, Disaster and Casualty Loss Workbook, contains inventory sheets which you might find helpful.

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 when you are reasonably certain that it will not be reimbursed.

If you are reimbursed for a loss you deducted in an earlier 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 earlier 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 held more than one year, part or all of the gain may be ordinary income. See instructions for line 19.

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, Tax Information on Disasters, Casualties, and Thefts. Report on this form only the part of the gain that is taxable.

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 as a result of the disaster, 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 your return or amended return by the later of the following two dates:

(1) The due date for filing your original return (without extensions) for the tax year in which the disaster actually occurred.

(2) The due date for filing your original return (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 may revoke your election within 90 days after making it by returning to IRS any refund or credit you received from the election. 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 separate columns each item of property lost or damaged by the casualty or theft: For example, house, car, diamond ring, etc.

Line 2.—Cost or basis.—Enter in separate columns the cost or other basis of each item. This usually means original cost plus improvements, minus 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 in separate columns the fair market value of each item. 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 the following:

(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.

(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, 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 line 15, each separate gain or (loss) to property held one year or less. Enter on line 20, each separate gain or (loss) to property held more than one year. However, see the instructions for line 19. If part of one casualty or theft is from property held one year or less, and part from property held more than one year, separate it according to how long the property was held. It may be necessary to allocate line 14. See Publication 547, Tax Information on Disasters, Casualties, and Thefts, for more information.

Column A.—Enter the type of casualty or theft. Use a separate line for each different casualty or theft that occurred 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.

Lines 17 and 24(a).—If Form 4797 is not required for other transactions, enter this amount on the applicable form as follows and identify as "Form 4684":

- Form 1040, line 16
- Form 1120, page 1, line 9(b)
- Form 1065, page 1, line 10
- Form 1041, page 1, line 8
- Form 1120S, page 1, line 9(c)

Lines 18 and 24(b).—Estates and trusts, enter amount from this line on Form 1041, line 16. Partnerships, enter on Schedule K (Form 1065), line 10(b).—Identify as "4684".

Line 19.—If you had a casualty or theft from trade, business, or income-producing property held more than one year, you may have to recapture part or all of the gain as ordinary income. If so, complete Form 4797, Part III and this line instead of completing line 20 of Form 4684.

Line 25.—If Form 4797 is not otherwise required, enter this amount on your appropriate Schedule D as follows and identify as "Form 4684":

- Schedule D (Form 1040), line 14
- Schedule D (Form 1120), line 4
- Schedule D (Form 1041), line 9
- Schedule D (Form 1120S), line 4.