

Alabama Department of Revenue

Information Release

Jan. 14, 2005

ADOR Reminds Taxpayers that Uninsured Casualty Losses May Be Deducted on 2004 State Tax Return

Montgomery, Ala.—Taxpayers who suffered property losses due to Hurricane Ivan may be eligible for certain tax benefits, according to the Alabama Department of Revenue.

Taxpayers located in any of the 65 federally-declared disaster counties who suffered uninsured casualty losses resulting from damage caused by Hurricane Ivan are reminded they are eligible to claim their losses on their 2004 state individual income tax returns that are due April 15, 2005.

Alabama's tax laws allow taxpayers who suffer uninsured casualty losses to claim their losses as an itemized deduction on their annual Alabama Individual Income Tax Return. The ADOR offers these helpful reminders to affected taxpayers in preparing their 2004 returns:

- The casualty loss may be claimed only in the year the loss occurred. For state tax purposes, taxpayers would claim the loss on their 2004 tax year return. Federal law allows taxpayers to have the option of deducting the loss in the preceding tax year by filing an amended federal return. Alabama does not.
- Individuals may deduct the personal property losses that are not covered by insurance or other reimbursements. To calculate the loss, taxpayers must determine their 2004 ALABAMA adjusted gross income and then subtract 10 percent of their Alabama adjusted gross income from their total amount of casualty losses for the year.
- Attach a copy of the Federal Form 4684 used to calculate the loss.
- To speed up processing of their 2004 returns, affected taxpayers should attach copies of property appraisals substantiating the property values before and after the damage and copies of any insurance reports/claims and reimbursements related to the damaged property.

For more information concerning Alabama casualty loss claims and how they are treated for Alabama income tax purposes, please contact the ADOR toll-free at 1-800-322-4106 or e-mail erohelpdesk@revenue.state.al.us .

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