

Brad Garland

From: news
Sent: Friday, May 06, 2011 2:53 PM
To: news
Subject: HAGA Newsletter Special Edition: Federal and State Tax Provisions for Storms on April 27, 2011



400 Meridian Street, Suite 201
Huntsville, Alabama 35801
256-539-8002
hagacpas.com

On April 27, 2011, the South experienced a day of tornadic activity that affected millions and cost many lives and homes. This natural disaster of unimaginable proportions left a path of destruction and devastation. In the wake of this tragedy, many taxpayers need to be aware of the provisions put in place by both the Alabama Department of Revenue and the Internal Revenue Service to offer assistance when dealing with casualty losses and other reporting issues. Note that these provisions may only be in effect for certain counties, so be sure to contact us with further questions. Please read the following update regarding these provisions.

Casualty losses are generally deducted in the year in which they occur for taxpayers. However, if a particular area is declared a disaster area, taxpayers can choose to deduct the loss on the current year return in which the disaster took place or amend the previous year return, treating the loss as taking place in the prior year. A disaster loss is a loss that occurred in the area warranting federal disaster assistance determined by the President of the United States. If you are unsure if your area is included, a list is available at the Federal Emergency Management Agency (FEMA) website www.fema.gov, or taxpayers can call the IRS disaster hotline at [1-866-562-5227](tel:1-866-562-5227). Both Schedule A on Form 1040 and Form 4684 is used to claim disaster losses. If there is a gain to report, this is reported on Form 1040, Schedule D and Form 4864. Amounts received from federal disaster relief grants should not be included as income if the money is used appropriately, and casualty losses should not be deducted if they are reimbursed by insurance or with any federal grant money.

2011 Alabama Storm tax provisions:

- Alabama Department of Revenue is extending April and May 2011 motor vehicle registration renewal for vehicle property tax through June 30 for disaster areas
- Extending filing and tax payment deadline for any Alabama tax return and state-administered local tax due between 04/15/11-06/30/11 (*note: no interest provisions for AL, only filing penalties and late fees)

<http://www.revenue.alabama.gov/AprilSt2011.htm>

2011 IRS Storm tax provisions

Alabama IRS newsroom article released and updated through 05/05/2011, discussing tax relief for victims of April storms:

- Postponing tax deadlines until June 30 for April 18th income tax return for 2010 deadline (for filing and paying taxes and estimated taxes). This also includes making 2010 contributions to an IRA
- Waiving failure-to-deposit penalties for employment and excise tax deposits due between 04/15/11-05/02/11 (deposits must have been made by 05/02/11)
- Filing postponement of Form 5500

- Prior year return copies can be given to taxpayers with processing fees waived
- Taxpayers may qualify for tax credit on 2011 return for qualified energy-efficient items when repairing and rebuilding (to a see list of qualifying items: www.energystar.gov)
- Taxpayers not in declared disaster areas may still qualify to claim casualty losses on 2011 returns
- Taxpayers should indicate ***“Alabama/Severe Storms, Tornadoes, Straight-line Winds, and Flooding”*** on the top of any return or notice correspondence to expedite processing for disaster losses

<http://www.irs.gov/newsroom/article/0,,id=238958,00.html>

**Note: The IRS will automatically identify taxpayers in the disaster areas for filing and payment relief. However, should you receive a notice from the IRS, you can call the number on the notice to have the penalties abated.

Additional links:

FEMA: Alabama storms 2011

<http://www.fema.gov/news/event.fema?id=14192>

This issue and all copies of the **HAGA Newsletter** can be found on our website at hagacpas.com/newsletter.

To unsubscribe from the **HAGA Newsletter**, simply reply to this e-mail with the subject “UNSUBSCRIBE”.

This e-mail may contain information that is privileged, confidential and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, you are hereby notified that any unauthorized dissemination, distribution or copying of any information from this e-mail is strictly prohibited. If you receive this e-mail in error, please contact the sender and delete the material from all computers.

Unfortunately, it is impossible to give comprehensive tax advice over the internet, no matter how well researched or written. Before relying on any information provided here, contact a tax professional to discuss your particular situation.

IRS CIRCULAR 230 NOTICE

This e-mail, and any attachment(s) herein, are considered under the Internal Revenue Code and the AICPA code of professional ethics to contain confidential information that is privileged. If this e-mail contains tax advice, this written advice is not intended to be used, and cannot be used by anyone, for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code or applicable state or local tax provisions.

NOTICE AND DISCLAIMER

This information is intended solely for the use of the addressee, and any unauthorized use is strictly prohibited. If you received this email in error, please:

- 1) do not print
- 2) reply to the sender notifying them of the error in the addressee
- 3) delete the email permanently from your system.

If this is a personal message, its contents are solely those of the sender and not that of Hall Albright Garrison & Associates, P.C. If copied or forwarded, it must contain this Notice and Disclaimer.

We believe this e-mail, and any attachment(s) herein to be virus-free. However, the responsibility to ensure that they are virus-free belongs solely to the recipient. We accept no liability for any loss or damage that may arise from the recipient's receiving, opening, using or closing of this email and any attachment(s) herein.

©2011 Hall Albright Garrison & Associates, P.C. All rights reserved.