

**From the desk of
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Casualty losses under the new tax law

Before the Tax Cuts and Jobs Act individuals could claim as itemized deductions certain personal casualty losses not compensated by insurance or otherwise, including losses arising from fire, storm, shipwreck, or other casualty, or from theft.

There were two limitations to qualify for a deduction:

1. A loss had to exceed \$100, and
2. Aggregate losses could be deducted only to the extent they exceeded 10% of adjusted gross income.

For tax years 2018 through 2025 the personal casualty and theft loss deduction is no longer available except for casualty losses incurred in a federally declared disaster.

A taxpayer who suffers a personal casualty loss from a disaster declared by the President will be able to claim a personal casualty loss as an itemized deduction subject to the \$100-per-casualty and 10%-of-AGI limitations mentioned above.

Where a taxpayer has personal casualty gains, personal casualty losses can still be offset against those gains even if the losses are not incurred in a federally declared disaster.

With the constant threat of natural disasters we now face on what appears to be an ongoing basis, one should give serious consideration to making sure that you are adequately insured as the government appears no longer interested in helping you afterwards other than your politicians showing up for the photo opportunities.

An interesting wrinkle in all of this is that California and a number of the other “Blue States” did not comply with the new tax laws, and the old rules still apply to taxpayers in those states for state purposes.

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