

# California Disaster Relief Tax Provisions

## Katrina, Wilma, and Rita Hurricanes: August-October 2005

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### Introduction

Here is a brief overview of the California tax treatment for victims of the Katrina, Wilma and Rita hurricanes, presidentially declared disaster areas that occurred in August, September, and October 2005.

- IRS Publication 1460, Highlights of Tax Relief Provided to Taxpayers in Response to Hurricanes Katrina, Rita, and Wilma

### Filing Extensions

California taxpayers directly affected by the 2005 hurricanes have been granted administrative tax relief that includes extensions of time to make estimated tax payments and file tax returns, as well as penalty relief. California follows federal treatment.

### Katrina – Louisiana, Mississippi, and Alabama

Hurricane Katrina victims who were not in the hardest hit areas received postponement for tax returns and payments due on or after August 24, 2005, and on or before February 28, 2006.

### Rita – Texas and Louisiana

Hurricane Rita victims received postponement for tax returns and payments due on or after September 23, 2005, and on or before February 28, 2006. Print “Hurricane Rita” in red ink at the top of Side 1 of your tax return. If you e-file your tax return, please follow the software instructions to enter the above information when prompted.

### Wilma – Florida

Hurricane Wilma victims received postponement for tax returns and payments due on or after October 23, 2005, and on or before February 28, 2006.

Print “Hurricane Wilma” in red ink at the top of side 1 of your tax return. If you e-file your tax return, please follow the software instructions to enter the above information when prompted.

### Katrina – Hardest Hit Areas of Louisiana, Mississippi, and Alabama

Taxpayers hardest hit by this disaster have until October 16, 2006 to file the following individual and business income tax returns:

- 2004 income tax returns, originally due on April 15, 2005.
- 2005 income tax returns, originally due on April 15, 2006.
- Affected individual taxpayers in the hardest hit areas of Katrina may also request an additional six-month extension to April 15, 2007, to file and/or pay under Revenue and Taxation Code section 18567. The request must be in writing (a copy of the federal application under IRC 6081 or 6161 is acceptable) and must be filed on or before October 16, 2006. Businesses may request an extension to file under Revenue and Taxation Code section 18604.

Print “Hurricane Katrina” in red ink at the top of Side 1 of your tax return. If you e-file your tax return, please follow the software instructions to enter the above information when prompted.

## Disaster Loss Rules

California law is generally the same as federal law for casualties and disasters. Property lost or damaged due to an earthquake, fire, flood, or similar sudden, unexpected, or unusual event is considered a casualty loss. Damage to your property that is not repaid by insurance or other reimbursements qualifies as a casualty loss deduction for tax purposes. Your casualty loss becomes a disaster loss when both of the following occur:

- 1) You sustain the loss in an area the President of the United States designates as a disaster area.
- 2) You sustain the loss because of the declared disaster.

Special tax rules apply to disaster losses. You can claim a disaster loss in the tax year the disaster occurred or in the tax year before the disaster occurred. The benefit to claiming your disaster loss in the year before the disaster occurred is we can process your amended return and issue your refund right away. If you wait to claim the loss in the year the disaster occurred, you will have to wait till the next filing season for your refund.

## For More Information

For more detailed information, refer to our publication, Disaster Losses, (FTB Pub 1034). You can download this publication at the FTB's Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) or order one by calling (800) 852-5711. To learn more about deducting casualty and disaster losses, see IRS Publication 547, Casualties, Disaster, and Thefts (Business and Nonbusiness). IRS Publication 4492, Information for Taxpayers Affected by Hurricanes Katrina, Rita, and Wilma).