

# California Disaster Relief Tax Provisions

## California Severe Freeze: January 2007

### Introduction

Here is a brief overview of the California tax treatment for victims of the California Severe Freeze, a presidentially declared disaster that occurred in January 2007. The counties declared disaster areas eligible for Disaster Unemployment Assistance and Food Commodities relief are Fresno, Imperial, Kern, Los Angeles, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Tulare, and Ventura. FEMA amended 1689-DR-California to add the following counties: Kings, Madera, and Merced for Disaster Unemployment Assistance and Food Commodities. Stanislaus County is added for Disaster Unemployment Assistance.

For more detailed information, refer to our publication, *Disaster Losses*, (FTB Pub. 1034).

### 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 usually 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 or the Governor of California designates as a disaster area. (Note: If the disaster is only declared by the Governor of California, state legislation is required to activate the disaster provision.)
- 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 prior year is that we can quickly issue you a refund.

Taxpayers whose losses exceed their income qualify for 100 percent carryover of any excess disaster losses to future taxable years. Taxpayers located in counties declared disaster areas by the Governor of California only may qualify for relief if the Legislature enacts legislation adding the California Severe Freeze 2007 to the list of eligible disasters identified in California Revenue and Taxation Code Sections 17207 and 24347.5.

### When to Claim Your Disaster Loss

The deadlines for electing a prior year deduction versus claiming your loss on the current year are:

#### Personal Returns:

Year of Loss	Prior Year Return	Current Year Return
2007	2006	2007
2007	Claim on original or amended 2006 tax year return by October 15, 2008.	Claim on the 2007 tax year return.

#### Corporation Returns:

Year of Loss	Prior Year Return	Current Year Return
2007	2006	2007
2007	Claim on original or amended 2006 tax year return by the current year's original due date, the 15th day of the third month after the close of the taxable year.	Claim on 2007 tax year return.

## Speeding Up Your Refund

Print “**California Freeze 2007**” 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.

## For More Information

Request our publication, *Disaster Losses*, (FTB Pub. 1034).

You can download this publication at the FTB’s Website, [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)*.