California Disaster Relief Tax Provisions

Jones Tract Levee Break: San Joaquin Valley, June 2004

Introduction

Here is a brief overview of the California tax treatment for victims of the Jones Tract Levee Break, a presidentially declared disaster area. This disaster occurred June 3, through July 12, 2004. The disaster area includes San Joaquin County.

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

Disaster Loss Rules

California law is generally the same as federal law for casualties and disasters. When your property is lost or damaged due to an earthquake, fire, flood, or similar event that is sudden, unexpected, or unusual, it is considered a casualty loss. The 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 declared by the Governor of California only, subsequent state legislation is required for the disaster provision to be activated).
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 loss to future taxable years. The Legislature enacted legislation adding the Jones Tract Levee Break to the list of eligible disasters identified in California Revenue and Taxation Code Sections 17207 and 24347.5. The disaster loss deduction and carryover rules are not suspended for the 2002 and 2003 tax years as are other net operating losses.

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
	2003	2004
2004	Claim on original or amended 2003 tax year return by October 17, 2005.	Claim on the 2004 tax year return.

Corporation Returns:

Year of Loss	Prior Year Return	Current Year Return
	2003	2004
2004	Claim on original or amended 2003 tax year return by the current year’s extended due date, the 15th day of the tenth month after the close of the taxable year.	Claim on 2004 tax year return.

Speeding Up Your Refund

Print "**Jones Tract Levee Break**" 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 at **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)*.