

## One Step in Disaster Victims' Recovery -- File Tax Return

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### Tax Filing Deadline Extended in Five States; H&R Block Advises on Role Taxes Play in Recovery After Federally Declared Disasters

KANSAS CITY, MO -- (Marketwired) -- 05/02/16 -- Of all of the stages disaster victims go through in their road to recovery, taxes may be the last -- and least -- thought-of step. Many of the 30-plus federally declared disasters in 2016 have had a direct impact on being able to file a completed tax return. That's why residents in five states recovering from winter and spring storms, flooding and tornado disasters could be eligible for tax relief, including extended filing deadlines, notes H&R Block (NYSE: HRB), the world's largest consumer tax preparation company. An extended deadline and tax relief related to casualty losses affects taxpayers in [certain Arkansas, Louisiana, Mississippi, Missouri and Texas counties](#).

"Taxpayers need to know how to navigate deadlines and filing requirements in the aftermath of the disaster and when there is monetary relief in the form of their tax return," said Kathy Pickering, executive director of The Tax Institute at H&R Block. "We have tax professionals available year-round to help our neighbors get back on track wherever disaster strikes and whenever their tax deadline falls."

The first extended deadline affects individuals and businesses in Arkansas and Missouri, who have until May 16 to file their 2015 returns. Affected taxpayers in Louisiana and parts of Texas have until July 15. Mississippi taxpayers have until May 16 or July 15 to file their returns depending on which disaster impacted them. Finally, affected taxpayers in the Houston area have until September 1 to file their 2015 tax returns. Taxpayers should check [the Houston-area disaster declaration](#) for updates as it is likely counties will be added to the disaster area.

#### *Casualty losses can provide variable, but substantial tax relief*

Many homeowner's and renter's insurance policies have restrictions, including some that don't cover natural disasters or flooding. Claiming unreimbursed expenses as casualty losses for damaged or lost property is a way taxpayers can find financial relief for their recovery costs. This includes deductibles on any of disaster-related claims, whether or not the government declared a national disaster.

Both the number of taxpayers who claim a casualty loss in a given year and the losses claimed can vary. For example, in 2005 more than 800,000 taxpayers claimed casualty losses including those related to Hurricane Katrina and the other Gulf Coast hurricanes. The average loss claimed was about \$18,000. In 2012 about 160,000 taxpayers claimed casualty losses including those related to Hurricane Sandy but the average loss claimed was almost \$31,000. In any case, the tax benefit of claiming a casualty loss can be substantial.

#### *Disaster declarations for 2016 on track to exceed previous four years*

With [31 disaster declarations so far](#) this year, 2016 is on track for about 120 disaster declarations, [more than any year since 2011](#) when there were 242 declared disasters. This means more taxpayers than in recent history will have to decide when to claim their losses.

Taxpayers in a [federal disaster area](#) who incur disaster-related casualty losses have a choice about when to claim their losses. A disaster-related casualty loss may either be claimed on a tax return for the year the disaster occurred or on the prior year's original or amended return.

For example, a loss occurring in 2016 may be claimed on the taxpayer's 2016 tax return filed in 2017, or on an original or amended 2015 return filed in 2016. While claiming the loss on the 2015 return results in a faster tax refund, waiting to claim the loss may result in greater tax savings.

"Amending an already-filed return from the year before the disaster may bring a quicker financial result than waiting to

claim the loss on the 2016 return," said Pickering.

Tax forecasting and planning plays an important but complex role in recovering from a disaster. Taxpayers have to weigh their need for additional resources to cover their immediate costs against their projected tax outcome of waiting to claim the loss on the current year return they'll file next year. They also need to consider the time it will take to calculate and substantiate their deductible loss.

For example, if a Houston-area taxpayer had \$10,000 in unreimbursed losses related to the April 18, 2016 flooding, they could amend their 2015 return they had already filed to claim those losses. This would accelerate the tax benefit which could help them if they need that benefit as early as possible. However, if this taxpayer had twin daughters who are expected to graduate from college in 2016 and leave their household, they will lose a few tax benefits in 2016, including \$8,100 in dependent exemptions. In this case, they may see their tax liability increase in 2016 and choose to wait until they file their 2016 return to claim the casualty losses to offset that increase.

***Record requests from affected taxpayers will be expedited***

Affected taxpayers may need to reconstruct tax records lost in the disaster in order to apply for a disaster loan or grant. The IRS will waive the usual fees and expedite requests for a copy of a tax return ([Form 4506](#)) or for a transcript of a tax return ([Form 4506-T](#)).

"H&R Block clients can visit a retail tax office to get copies of their tax returns or access their [MyBlock](#) account, even if they prepared their taxes on their own using H&R Block software," Pickering said.

Residents should also reference [FEMA](#) and the IRS's [disaster information site](#) for the most up-to-date lists of federal disaster areas and available relief.

H&R Block or Block Advisors clients can visit any year-round office for tax assistance and to request copies of tax returns prepared in H&R Block offices or using [H&R Block software](#). Taxpayers may also contact the [IRS](#) at (800) 829-1040 or [www.irs.gov](#) to get copies of past tax returns and transcripts.

***About H&R Block***

H&R Block, Inc. (NYSE: HRB) is the world's largest consumer tax services provider. More than 680 million tax returns have been prepared worldwide by and through H&R Block since 1955. In fiscal 2015, H&R Block had annual revenues of nearly \$3.1 billion with 24.2 million tax returns prepared worldwide. Tax return preparation services are provided by professional tax preparers in approximately 12,000 company-owned and franchise retail tax offices worldwide, and through H&R Block tax software products. H&R Block also offers adjacent Tax Plus products and services. For more information, visit the H&R Block Newsroom at <http://newsroom.hrblock.com/>.

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