

H&R Block, Operation HOPE Partner to Bring Relief to Fire-Ravaged California Communities

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H&R Block Offers Free Amended Tax Returns, Sets Up Temporary

Operation HOPE Call Center to Help Aid in Recovery

KANSAS CITY, Mo.--(BUSINESS WIRE)--Oct. 31, 2007--H&R Block (NYSE: HRB) and Operation HOPE are once again partnering to help people and communities in need recover from natural disaster. The organizations are mobilizing in Southern California to help assist those impacted by October's wildfires.

Efforts include offering free amended 2006 federal tax returns for victims of the California fires (1040, 1040A 1040EZ) with a residential address in the disaster area or a California driver's license, fundraising initiatives, harnessing the power of H&R Block associates as community volunteers, and providing support to enable Operation HOPE to continue to provide services in Southern California.

"With more than 12,800 locations around the country, H&R Block has a virtually unmatched capacity to reach into communities and provide support, infrastructure and expertise in times of crisis," said Mark Ernst, H&R Block chairman and chief executive officer. "Whether it is supporting communities devastated by hurricanes or those like the ones in California trying to recover from this month's fires, it is our responsibility to use the resources we have to help. Our company has always been deeply committed to the people and communities we serve. By partnering once again with Operation HOPE, we can help people in need access critical resources during their own recovery and, at the same time, provide access to tax and financial services for those suddenly finding themselves facing complex, unexpected situations."

Californians affected by the fires may qualify to deduct a portion of their loss on their federal tax return. H&R Block, the nation's largest tax services company, can advise taxpayers on the tax implications of claiming a casualty loss and will amend their 2006 income tax returns for free.

Typically, tax filers must claim a casualty loss on their federal return in the year the loss occurs. However, if the President declares the area a federal disaster - as is the case in California - taxpayers can file amended returns and claim the losses on their prior years' tax returns. This enables disaster victims to recoup their losses more quickly.

Specific efforts of the H&R Block/Operation HOPE partnership include:

- Providing free amended 2006 federal tax returns for victims of the fires
- Offering information from H&R Block about the tax impacts of the disaster
- Opening a temporary Operation HOPE call center at the H&R Block office in Colton, CA, manned with both Block and Operation HOPE associates, to replace Operation HOPE's Poway Center, which was closed down by the wildfires
- Offering H&R Block office space for Operation HOPE to conduct volunteer training to help those in need
- Opening an H&R Block office in San Bernardino so that displaced individuals and families housed in a nearby shelter can have access to free phones and email
- Offering H&R Block district offices in Southern California as collection points for financial donations as well as important, in-demand goods like clothing

-- Continuing to work with FEMA to monitor community needs and provide necessary infrastructure and services as appropriate.

"The mission of Operation HOPE requires us to ensure that we can continue to operate - and in fact do even more in times of crisis," said John Hope Bryant, Operation HOPE chairman. "We have learned over the years, through numerous disasters and in communities around this country, that we can rely on H&R Block to step up and deliver when partnership is most in need and times are most trying. Together, we can raise volunteers, raise money, and raise the spirit of the communities hardest hit by this tremendous disaster."

About Operation HOPE

Operation HOPE, Inc. (OHI) is a non-profit, public benefit organization, founded immediately following the civil unrest of April 29, 1992 in Los Angeles. OHI is America's leading provider of economic tools and services. OHI is an effective facilitator, lender, advocate and educator for and on behalf of the other America. Through a series of public/private partnerships and strategic alliances, OHI has developed and implemented programs focused on connecting the minority community with mainstream, private sector resources, and empowering under-served communities. OHI brings together, under one organizational umbrella, some of the most talented, experienced and successful individuals that America has to offer, both from the minority and mainstream community.

About H&R Block

H&R Block, Inc. (NYSE: HRB) is a diversified company with subsidiaries that deliver tax services and financial advice, investment and mortgage services, and business accounting and consulting services. The company's mission is to help clients achieve their tax and financial objectives by serving as their tax and financial partner. Additional information is available on the company's Web site at www.hrblock.com.

TIPS For California Homeowners Affected By Recent Fires

If your home was DAMAGED in the Southern California wild fires, these five tips can help you successfully navigate the tax and insurance claims process.

1. Photograph or document any property damage. This will assist with calculating the amount of the loss. It also may benefit you to take photos showing the condition of the property after it's restored.
2. Keep receipts. The IRS and insurance companies will make allowances for records that were destroyed, but having supporting documentation will make the claims process easier.
3. File insurance claims in a timely manner. Because you can't claim a tax loss for damage that you receive insurance proceeds for, it's important to file insurance claims quickly.
4. Replace damaged property with similar property. Replacement property doesn't have to match item-for-item, but keeping it close will help you avoid having to pay taxes on gains from insurance proceeds.
5. Get copies of past returns. The IRS will provide free copies of past tax returns to help you obtain past financial information. A photocopy of a prior year return may be obtained by contacting 1-800-829-1040 or visiting www.irs.gov.

If your home was DESTROYED in the wild fires, there are some important tax benefits to keep in mind:

1. You have up to four years to replace your home or pay taxes on any gains from insurance payments.
2. Taxpayers can deduct a loss on their 2007 return or amend their 2006 return, whichever helps their current tax and financial situation most.
3. Food, medical supplies and other forms of disaster assistance aren't taxable. And, they don't reduce the amount of your

loss claim unless they're replacing lost or destroyed items.

4. The cost of cleaning up can't be considered part of the casualty loss. However, the cost of repairs can be used as a basis for determining the decrease in fair market value.

5. Reimbursements for losses are not taxable, unless you're repaid more for the property than the original cost plus improvements. Even if the reimbursement is more than the basis, you don't have to pay tax if you replace your home within four years after the fire.

6. You may be able to claim a casualty loss on your tax return. The loss amount is based on the lower of two numbers: The price paid for the property plus any improvements prior to the casualty, or the property's decline in market value caused by the disaster. Once you determine which is lower, that amount is reduced by insurance and most other non-taxable reimbursements. If the property is not used for business, the deductible amount is reduced by 10 percent of your adjusted gross income and then reduced again by \$100.

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