



TPF TIPS – SEPTEMBER, 2024

Word Count: 1,329

Read Time: ~7 minutes

Welcome to TPF TIPS our monthly newsletter where we apply our over 30 years of experience to cut through the noise, select what is relevant, unpack the jargon and offer clear, digestible insights to topics important to our clients.

We know your time is precious and your inbox sacred so, we strive to make these emails an easy read (5-7minutes) and plan to deliver TPF TIPS on or around the 15th of each month (subliminal plug for tax preparation).

If, for some reason; you do not wish to receive the monthly newsletter, please do not unsubscribe. Rather, please reply to the email with the word UNSUBSCRIBE in the subject line. We will make sure to remove you from the newsletter list but, keep you subscribed to our other emails regarding important financial deadlines, events and other critical updates you will want to know about.

After all, it's your money and we want you to keep as much of it as possible!
So.....buckle up and let's get savvy!!!

The theme for this month is:

“Natural Disasters. Everything Happens for a Reason.”

Navigating the Aftermath: Understanding Your Tax Options

The devastating impacts of the straight-line winds, tornadoes, and flooding in Texas during April and the horrible damage caused Hurricane Beryl in July have left many residents facing significant challenges. We sincerely hope everyone is making progress in getting things back to “normal” in the wake of any setbacks. This month, we aim to outline options and benefits for those individuals, families and business impacted by this year's storms.

Tax Relief for Texas Residents

Not only can natural disasters have an emotional and physical toll, they can also have a substantial financial impact. In recognition of the hardships faced by Texans impacted by these 2024 disasters, the Internal Revenue Service (IRS) has announced a series of tax relief measures designed to provide much-needed help, support and flexibility to taxpayers in the affected areas.

How a Disaster Area is Declared

All emergency and major disaster declarations are made solely at the discretion of the President of the United States. The Governor of the affected State (in this case Texas) must make a formal request for such a declaration. Requests are made through the regional office of FEMA (Federal Emergency Management Agency) in response to all manner of disasters and hazards that affect the citizens and national interest.

How does a Disaster Become Recognized for Income Tax Purposes?

Each Federally recognized disaster is evaluated by the regional office of FEMA, where it is assigned a Designated Area and assigned a Numerical Disaster Code. These are typically done by county and/or zip code within a State.

To view the official FEMA maps, go to:

Straight-line wind, tornados, flooding storms: https://gis.fema.gov/maps/dec_4781.pdf

Hurricane Beryl: https://gis.fema.gov/maps/dec_4798.pdf

Important Dates

The IRS has identified the following storm disaster dates as qualifying events:

- **April 26 through June 5, 2024:** severe storms, straight-line winds, tornadoes, and flooding
- **July 5 through July 9, 2024:** Hurricane Beryl and subsequent storms.

Key Tax Relief Measures:

- **Extended Filing and Payment Deadlines:** The IRS has extended the deadline for filing various federal individual and business tax returns and making tax payments.

November 1, 2024

- + This date applies to any individual, business, or tax-exempt organization impacted by the *April 26 through June 5 storms* with a valid extension to file their 2023 Federal tax return typically due in September, October, and November each year.
- + The new extension date for those impacted is *November 1, 2024*.
However, ***any taxes due must be paid by the original filing dates.***

February 3, 2025:

- + This date applies to any individual, business, or tax-exempt organization impacted by *Hurricane Beryl and subsequent storms, July 5 through July 9, 2024* with a valid extension to file their 2023 Federal tax return typically due in September, October, and November each year.
- + The new extension date for those impacted is *February 3, 2025*.
However, ***any taxes due must be paid by the original filing dates.***
- + Quarterly estimated tax payments generally due in mid-September 2024 and mid-January 2025 are now postponed until *February 3, 2025*.
- + Quarterly payroll and excise tax returns, normally due on July 31, October 31, and Jan 31, 2025 are now due on *February 3, 2025*.

** SPECIAL NOTE: *For those unfortunate enough to be impacted by BOTH storms, the new extension date for filing, estimated tax payments and/or quarterly payroll and excise tax returns is February 3, 2025.*

- **Abatement of Penalties:** Penalties for late filing or late payment of estimated taxes may be reduced or eliminated for affected taxpayers.

Additional Considerations:

- **Casualty Losses:** Taxpayers who suffered property damage or losses due to the disasters, may be eligible for casualty loss deductions on their tax returns.
- **Business Tax Relief:** Businesses located in the affected areas may be eligible for additional tax relief measures, such as extensions for filing payroll and excise tax returns.
- **Disaster Relief Fund Donations:** Donations made to qualified relief organizations providing assistance to victims of the disasters may be eligible for tax deductions.

Understanding Casualty Loss Deductions

Casualty losses incurred due to natural disasters can potentially reduce your taxable income. However, there are specific rules and limitations that apply. Let's take a look at some of those rules and restrictions to determine eligibility and the proper way to claim these deductions.

Key Considerations for Casualty Loss Deductions:

- **Loss Calculation:** You generally can deduct the lesser of the fair market value of the property before the disaster or the amount of money received from insurance or other sources.
 - + *For example: if you lost \$1000 worth of items and the insurance paid you \$400....your loss for tax purposes is \$600*
- **Documentation:** It's crucial to gather documentation of your losses, including photos, receipts, and appraisals.

Other Eligible Deductions

In addition to funds to repair or replace a damaged home or personal property, (barns, outbuildings, sheds, patios, decks, etc.) there are other eligible disaster-related expenses to consider. Below is a short (but not complete) list:

- Essential items like, food, water, baby formula and other emergency supplies.
- Temporary housing expenses if you cannot return to your home or find an alternate housing solution.
- Medical or dental expenses, such as damage or loss of medical or dental equipment.
- Labor to repair or restore items damaged such as furniture, landscaping; loss of trees, etc..
- Generator purchase or rental
- Mold remediation

Professional Advice

Seeking the consultation of a tax professional, like *The Pierson Firm*; is highly recommended to guide you in claiming all that is eligible and protecting you from claiming what is not eligible. Given that every situation is unique, we specialize in personal attention and guidance whether personal or business.

How to Claim Relief:

- **Affected Taxpayers:** The IRS will automatically identify taxpayers located in the covered disaster area and apply filing and payment relief.
- **Taxpayers Outside the Covered Area:** If you were affected by the disasters, but not located in the designated area; reach out to us at *The Pierson Firm* and we can assist you in how best to properly request relief.

Conclusion

Navigating the complexities after a natural disaster is always challenging. However, everything happens for a reason and more times than not, it's for our benefit – although it may not seem like it at the time. Stay positive, stay calm and work through the details carefully. Care and attention to detail now, will pay dividends in the future.

Remember:

We are here to answer questions, help you learn, alleviate concerns, but most important; help you keep as much of your money as possible.

About The Pierson Firm

Conroe-based *The Pierson Firm* offers a comprehensive range of tax-related services to individuals and businesses alike; and have been doing so for over 30 years. From Tax Planning, Preparation & Representation to Business Operations, Advisory and Compliance, the firm provides personalized solutions to those around the block or around the globe. Additional company information can be found by visiting www.thepiersonfirm.com.



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