



# Instructions for Form 4684

## Casualties and Thefts (Rev. February 2020)

Section references are to the Internal Revenue Code unless otherwise noted.

### General Instructions

#### Future Developments

For the latest information about developments related to Form 4684 and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form4684](https://www.irs.gov/Form4684).

#### What's New

**Special rules and return procedures expanded for claiming qualified disaster-related personal casualty losses.** Recent legislation has expanded the special rules and return procedures for personal casualty losses attributable to certain major Federally declared disasters that occurred in 2018 or 2019. These personal casualty losses may be claimed as [Qualified disaster losses](#) on your Form 4684. For more information about claiming relief, see Pub. 547.



See the 2018 Form 4684 and its instructions for the special rules regarding your 2018 return. You may have to file an amended return on Form 1040-X to claim these benefits on your 2018 return. Form 1040-X is available at [IRS.gov/Form1040X](https://www.irs.gov/Form1040X). The 2018 Form 4684 is available at [IRS.gov/Form4684](https://www.irs.gov/Form4684).

**Automatic 60-day extended filing deadline for certain taxpayers.** Certain taxpayers affected by federally declared disasters that occur after December 20, 2019 may be eligible for an automatic 60-Day extension for filing, paying their taxes, and other administrative deadlines. See Pub. 547 for more information.

#### Reminders

**Limitation on personal casualty and theft losses.** Personal casualty and theft losses of an individual sustained in a tax year beginning after 2017 are deductible only to the extent they're attributable to a federally declared disaster. The loss deduction is subject to the \$100 per casualty and 10% of your adjusted gross income (AGI) limitations.

An exception to the rule above limiting the personal casualty and theft loss deduction to losses attributable to a federally declared disaster applies if you have personal casualty gains for the tax year. In this case, you will reduce your personal casualty gains by any casualty losses not attributable to a federally declared disaster. Any excess gain is used to reduce losses from a federally declared disaster. The 10% AGI limitation is applied to any remaining losses attributable to a federally declared disaster.

For more information, see [Disaster Losses](#), later, the instructions for [Line 14](#), and Pub. 547.

**AMT adjustment for standard deduction made retroactively inapplicable to net qualified disaster losses.** The AMT adjustment for the standard deduction doesn't apply to the increase in the standard deduction that is attributable to a net disaster loss. See [Taxpayers who also file the 2019 Form 6251, Alternative Minimum Tax for Individuals](#), later, for more information.

**Electing large partnership rules repealed.** Rules relating to electing large partnerships have been repealed. References to electing large partnerships have been revised accordingly on Form 4684 and in these instructions. See [Section B—Business and Income-Producing Property](#), later.

**Special rules for capital gains invested in Qualified Opportunity Funds.** If you have a capital gain for 2019, you can invest that gain into a Qualified Opportunity Fund and elect to defer part or all of the gain that you would otherwise include in income until December 31, 2026. You also may be able to permanently exclude gain from the sale or exchange of an investment in a Qualified Opportunity Fund if the investment is held for at least 10 years. For information about how to elect to use these special rules, see the Instructions for Form 8949. For additional information, see [Opportunity Zones Frequently Asked Questions](#).

**Deferral of gain invested in a Qualified Opportunity Fund.** If you realize a gain from an actual, or deemed, sale or exchange with an unrelated person and during the 180-day period beginning on the date realizing the gain, invested an amount of the gain in a Qualified Opportunity Fund, you may be able to elect to temporarily defer part or all of the gain that would otherwise be included in income. If you make the election, the gain is included in taxable income only to the extent, if any, that the amount of realized gain exceeds the aggregate amount invested in a Qualified Opportunity Fund during the 180-day period beginning on the date the gain was realized.

**How to report.** Report the gain as it would otherwise be reported if you were not making the election. Report the election for the amount invested in a Qualified Opportunity Fund on Form 8949. See Form 8949 for how to make the election. You will need to attach Form 8997 annually until you dispose of the Qualified Opportunity Fund investment. See the Form 8997 instructions for more information.

#### Purpose of Form

Use Form 4684 to report gains and losses from casualties and thefts. Attach Form 4684 to your tax return.

### Definitions

Three types of casualty losses are described in these instructions.

1. [Federal Casualty Losses](#).
2. [Disaster Losses](#).
3. [Qualified Disaster Losses](#).

All three types of losses refer to federally declared disasters, but the requirements for each loss vary. A federally declared disaster is a disaster determined by the President of the United States to warrant assistance by the federal government under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act). A federally declared disaster includes (a) a major disaster declaration, or (b) an emergency declaration under the Stafford Act.

**Federal casualty loss.** A federal casualty loss is an individual's casualty or theft loss of personal-use property that is attributable to a federally declared disaster. The casualty loss must occur in a state receiving a federal disaster declaration. If you suffered a federal casualty loss, you are eligible to claim a casualty loss deduction. If you suffered a casualty or theft loss of personal-use property that was not attributable to a federally declared disaster, it is not a federal casualty loss, and you may not claim a casualty loss deduction unless the exception applies. See the [Caution](#) under [Losses You Can Deduct](#), later.

**Disaster loss.** A disaster loss is a loss that is attributable to a federally declared disaster and that occurs in an area eligible for assistance pursuant to the Presidential declaration. The disaster loss must occur in a county eligible for public or individual assistance (or both). Disaster losses are not limited to individual personal use property and may be claimed for individual business or income-producing property and by corporations, S corporations, and partnerships. If you suffered a disaster loss, you are eligible to claim a casualty loss deduction and to elect to claim the loss in the preceding tax year. See [Disaster Losses](#), later.

**Qualified disaster loss.** A qualified disaster loss is an individual's casualty or theft loss of personal-use property that is attributable to a major disaster declared by the President under section 401 of the Stafford Act in 2016, as well as from Hurricane Harvey, Tropical Storm Harvey, Hurricane Irma, Hurricane Maria, or from the California wildfires in 2017 and January 2018.

A qualified disaster loss is now expanded to include an individual's casualty and theft of personal-use property that is attributable to a major disaster that was declared before February 19, 2020, by the President under section 401 of the Stafford Act and that occurred in 2018 and before December 21, 2019, and continued no later than January 19, 2020. However, this change does not include

those losses attributable to California wildfires in January 2018 (which received special relief in 2018).

If you suffered a qualified disaster loss, you are eligible to claim a casualty loss deduction, to elect to claim the loss in the preceding tax year, and to deduct the loss without itemizing other deductions on Schedule A (Form 1040 or 1040-SR). See [Qualified disaster losses](#), later. See also [IRS.gov/DisasterTaxRelief](#) for date-specific declarations associated with these disasters and for more information.

## Losses You Can Deduct

For tax years 2018 through 2025, if you are an individual, losses of personal-use property from fire, storm, shipwreck, or other casualty, or theft are deductible only if the loss is attributable to a federally declared disaster ([federal casualty loss](#)). See Pub. 547 for more information.

If the event causing you to suffer a personal casualty loss occurred before January 1, 2018, but the casualty loss was not sustained until January 1, 2018, or later, the casualty loss is not deductible. See [When To Deduct a Loss](#), later, for more information on when a casualty loss is sustained.



*An exception to the rule limiting the deduction for personal casualty and theft losses to [federal casualty losses](#) applies where you have personal casualty gains to the extent the losses don't exceed your gains.*

If your property is covered by insurance, and your loss is otherwise deductible, you should file a timely insurance claim for reimbursement of your loss. If you don't file a timely insurance claim, you can't deduct the full unrecovered amount as a casualty or theft loss and only the part of the loss that isn't covered by your insurance policy is deductible.

**Related expenses.** The related expenses you have due to a casualty or theft, such as expenses for the treatment of personal injuries or for the rental of a car, aren't deductible as casualty or theft losses.

Costs for protection against future casualties aren't deductible but should be capitalized as permanent improvements. An example would be the cost of a levee to stop flooding.

## Losses You Can't Deduct

- Money or property misplaced or lost.
- Breakage of china, glassware, furniture, and similar items under normal conditions.
- Progressive damage to property (buildings, clothes, trees, etc.) caused by termites, moths, other insects, or disease. See Pub. 547 for information on the treatment of deteriorating concrete foundations that contain the mineral pyrrhotite.
- A decline in market value of stock, caused by disclosure of accounting or other illegal misconduct by the officers or directors of the corporation that issues the stock, that was acquired on the open market for investment. You may be able to deduct it as a capital loss on Schedule D (Form 1040 or 1040-SR) if the stock is sold or exchanged or becomes completely worthless. See chapter 4 of Pub. 550, Investment Income and Expenses.

**Note.** Victims of fraudulent investment schemes can claim a theft loss deduction if certain conditions apply. See [Losses From Ponzi-Type Investment Schemes](#), later, for more information.

## Gain on Reimbursement

If the amount you receive in insurance or other reimbursement is more than the cost or other basis of the property, you have a gain. If you have a gain, you may have to pay tax on it, or you may be able to postpone the gain.

Don't report the gain on damaged, destroyed, or stolen property if you receive property that is similar or related to it in service or use. Your basis in the new property is the same as your basis in the old property.

Any tangible replacement property held for use in a trade or business is treated as similar or related in service or use to property held for use in a trade or business or for investment if:

- The property you are replacing was damaged or destroyed in a disaster, and
- The area in which the property was damaged or destroyed was declared by the President of the United States to warrant federal assistance because of that disaster.

Generally, you must recognize the gain if you receive unlike property or money as reimbursement. But you generally can choose to postpone all or part of the gain if, within 2 years of the end of the first tax year in which any part of the gain is realized, you purchase:

- Property similar or related in service or use to the damaged, destroyed, or stolen property; or
- A controlling interest (at least 80%) in a corporation owning such property.

To postpone all of the gain, the cost of the replacement property must be equal to or more than the reimbursement you received for your property. If the cost of the replacement property is less than the reimbursement received, you must recognize the gain to the extent the reimbursement exceeds the cost of the replacement property.

If the replacement property or stock is acquired from a related person, gain generally can't be postponed by:

- Corporations (other than S corporations);
- Partnerships in which more than 50% of the capital or profits interest is owned by corporations (other than S corporations); or
- All other taxpayers, unless the aggregate realized gains on the involuntarily converted property are \$100,000 or less for the tax year. This rule applies to partnerships and S corporations at both the entity and partner or shareholder level.

For details on how to postpone the gain, see Pub. 547.

If your main home was located in a disaster area and that home or any of its contents were damaged or destroyed due to the disaster, special rules apply. See [Gains Realized on Homes in Disaster Areas](#), later.

## When To Deduct a Loss

Generally, you can deduct the part of your casualty or theft loss that isn't reimbursable in the tax year the casualty occurred or the theft was discovered. However, a disaster loss and a

loss from deposits in insolvent or bankrupt financial institutions may be treated differently. See [Disaster Losses](#) and [Special Treatment for Losses on Deposits in Insolvent or Bankrupt Financial Institutions](#), later.

If in the year of the casualty there is a claim for reimbursement with a reasonable prospect of recovery, the loss is not sustained until you know with reasonable certainty whether such reimbursement will be received. If you aren't sure whether part of your casualty or theft loss will be reimbursed, don't deduct that part until the tax year when you become reasonably certain that it won't be reimbursed. This later tax year is when your loss is sustained.

If you are reimbursed for a loss you deducted in an earlier year, include the reimbursement in your income in the year you received it, but only to the extent the deduction reduced your tax in an earlier year.

See *Lessee's loss* in Pub. 547 for special rules on when to deduct losses from casualties and thefts to leased property.

## Disaster Losses

A disaster loss is a loss that occurred in an area determined by the President of the United States to warrant federal disaster assistance and that is attributable to a federally declared disaster. It includes a major disaster or emergency declaration.



*For a list of federally declared disasters and disaster areas, see [FEMA.gov/Disasters](#).*

To determine the amount to deduct for a disaster loss, you must take into account as reimbursements any benefits you received or which you have a reasonable possibility of receiving from federal or state programs to restore your property.

**Disaster year.** The disaster year is the tax year in which you sustained the loss attributable to a federally declared disaster. Generally, a disaster loss is sustained in the year the disaster occurred. However, a disaster loss also may be sustained in a year after the disaster occurred. For example, if a claim for reimbursement exists for which there is a reasonable prospect of recovery, no part of the loss for which reimbursement may be received is sustained until it can be ascertained with reasonable certainty whether you will be reimbursed.

**Example.** In December 2019, your car was destroyed in severe flooding that occurred in the area where you live. The area where you lived was designated by the Federal Emergency Management Agency (FEMA) to be eligible for public or individual assistance (or both). You immediately filed a claim for reimbursement with your insurance company. There was a reasonable prospect that you would recover the full amount of your loss. The claim was settled in January 2020 when your insurance company reimbursed you for only half of your loss. The disaster year is 2020 (not 2019 when the loss occurred). Your loss was sustained in 2020 because that's when it became reasonably certain whether you would be reimbursed. You can either deduct the unreimbursed loss on your tax return for the disaster year (2020) or make an election to

deduct the unreimbursed loss on your tax return for the preceding year (2019).

**Election to deduct loss in the preceding year.** If you have a casualty loss from a federally declared disaster that occurred in an area warranting public or individual assistance (or both), you can elect to deduct the loss in the tax year immediately before the disaster year. A list of areas warranting public or individual assistance (or both) is available at the FEMA website at [FEMA.gov/Disasters](https://www.fema.gov/Disasters).

To make this election for a loss in disaster year 2019, complete Part 1 of section D on your 2018 Form 4684 and attach it to your 2018 original or amended return that claims the disaster loss. See [Section D—Election To Deduct Federally Declared Disaster Loss in Preceding Tax Year](#), later.

You must make an election to deduct a 2019 disaster loss on your 2018 return on or before the date that is 6 months after the regular due date for filing your original return (without extensions) for the disaster year. For calendar year individual taxpayers, the deadline for electing to take a 2019 disaster loss on your 2018 tax return is October 15, 2020.

**Revoking a prior election to deduct loss in the preceding year.** Complete Part II of Section D if you want to revoke a 2019 disaster year election to deduct a federally declared disaster loss in the preceding tax year. Attach the completed Section D to an amended return for the preceding year (that is, to an amended 2018 return for the revocation of a 2019 disaster year election). See [Section D—Election To Deduct Federally Declared Disaster Loss in Preceding Tax Year](#), later.

Your amended return eliminating the election must be filed on or before the date that is 90 days after the due date for making the election **and** on or before the date you file any return or amended return for the year that includes the disaster loss.

Your amended return (eliminating the previous disaster loss election) should refigure your tax liability as a result of revoking the election. You must pay or make arrangements to pay any tax and interest due as a result of the revocation.

**Home made unsafe by disaster.** If your home was located in a disaster area and your state or local government ordered you to tear it down or move it because it was no longer safe to use as a home due to the disaster, the resulting loss in value is treated as a disaster loss. The order for you to tear down or move the home must have been issued within 120 days after the area was officially declared a disaster area.

For purposes of figuring the disaster loss, use the value of your home before you moved it or tore it down as its fair market value after the casualty.

**Qualified disaster losses.** A qualified disaster loss is an individual's casualty or theft loss of personal-use property that is attributable to a major disaster declared by the President under section 401 of the Stafford Act in 2016, as well as from Hurricane Harvey, Tropical Storm Harvey, Hurricanes Irma and Maria, or from the California wildfires in 2017 and January 2018.

A qualified disaster loss is now expanded to include an individual's casualty and theft of personal-use property that is attributable to a major disaster that was declared before February 19, 2020, by the President under section 401 of the Stafford Act and that occurred in 2018 and before December 21, 2019, and continued no later than January 19, 2020. However, this change does not include those losses attributable to California wildfires in January 2018 (which received special relief in 2018). See [Qualified disaster loss](#), earlier, for more information.

For specific instructions for reporting these qualified disaster losses see the instructions for [Line 11](#) and [Line 15](#), later. See [IRS.gov/DisasterTaxRelief](#) for date-specific declarations associated with these disasters and for more information. Special relief for these qualified disaster losses is described next.

You can deduct qualified disaster losses without itemizing other deductions on Schedule A. Moreover, your net casualty loss from these qualified disasters does not need to exceed 10% of your adjusted gross income to qualify for the deduction, but only unreimbursed amounts in excess of \$500, rather than \$100, per casualty may be deducted.



*The AMT adjustment for the standard deduction is made retroactively inapplicable to net qualified disaster losses. See [Taxpayers who also file the 2019 Form 6251, Alternative Minimum Tax for Individuals](#), later, for more information.*

**More information.** See Pub. 547 for more information about disaster losses.

## Gains Realized on Homes in Disaster Areas

The following rules apply if your main home was located in an area declared by the President of the United States to warrant federal assistance as the result of a disaster, and the home or any of its contents were damaged or destroyed due to the disaster. These rules also apply to renters who receive insurance proceeds for damaged or destroyed property in a rented home that is their main home.

1. No gain is recognized on any insurance proceeds received for unscheduled personal property that was part of the contents of the home.
2. Any other insurance proceeds you receive for the home or its contents are treated as received for a single item of property, and any replacement property you purchase that is similar or related in service or use to the home or its contents is treated as similar or related in service or use to that single item of property. Therefore, you can choose to recognize gain only to the extent the insurance proceeds treated as received for that single item of property exceed the cost of the replacement property.

3. If you choose to postpone any gain from the receipt of insurance or other reimbursement for your main home or any of its contents, the period in which you must purchase replacement property is extended until 4 years after the end of the first tax year in which any part of the gain is realized.

For details on how to postpone gain, see Pub. 547.

**Example.** Your main home and its contents were completely destroyed in 2019 by a tornado in a federally declared disaster area. In 2019, you received insurance proceeds of \$200,000 for the home, \$25,000 for unscheduled personal property in your home, \$5,000 for jewelry, and \$10,000 for a stamp collection. The jewelry and stamp collection were kept in your home and were scheduled property on your insurance policy. No gain is recognized on the \$25,000 you received for the unscheduled personal property. If you reinvest the remaining proceeds of \$215,000 in a replacement home, any type of replacement contents (whether scheduled or unscheduled, or both), you can elect to postpone any gain on your home, jewelry, or stamp collection. If you reinvest less than \$215,000, any gain is recognized only to the extent \$215,000 exceeds the amount you reinvest in a replacement home, any type of replacement contents (whether scheduled or unscheduled, or both). To postpone gain, you must purchase the replacement property before 2024. Your basis in the replacement property equals its cost decreased by the amount of any postponed gain.

## Special Treatment for Losses on Deposits in Insolvent or Bankrupt Financial Institutions



*You can no longer claim a loss on a deposit in an insolvent or bankrupt financial institution as a personal casualty or theft loss unless the exception mentioned under the [Caution](#) under Losses You Can Deduct, earlier, applies. See Pub. 547 for more information.*

## Damage From Corrosive Drywall

If you suffered property losses due to the effects of certain imported drywall installed in homes between 2001 and 2009, under a special procedure, you may be able to claim a casualty loss deduction for amounts you paid to repair damage to your home and household appliances that resulted from corrosive drywall. For details, see [Special Procedure for Damage From Corrosive Drywall](#) under [Casualty](#) in Pub. 547.



*Because the personal casualty losses claimed under this special procedure are not attributable to a federally declared disaster, they're only deductible to the extent such losses don't exceed your personal casualty gains.*

## Damage From Deteriorating Concrete Foundation

Under a special procedure, you can deduct amounts you paid to repair damage to your home caused by a deteriorating concrete foundation containing the mineral pyrrhotite. Under this procedure, you treat the amounts paid as a casualty loss in the year of payment

for amounts paid prior to 2018. For amounts paid after 2017 and before the last day for filing a timely Form 1040-X for the 2017 tax year, you may treat the amount paid as a casualty loss on a timely Form 1040-X for the 2017 tax year. See Pub. 547 and Revenue Procedure 2017-60, 2017-50 I.R.B. 559, available at [IRS.gov/IRB/2017-50\\_IRB#RP-2017-60](https://www.irs.gov/irb/2017-50_IRB#RP-2017-60), as modified by Revenue Procedure 2018-14, 2018-9 I.R.B. 378, available at [IRS.gov/IRB/2018-09\\_IRB#RP-2018-14](https://www.irs.gov/irb/2018-09_IRB#RP-2018-14), for more information.

## Specific Instructions

### Which Sections To Complete

Use Section A to figure casualty or theft gains and losses for property that isn't used in a trade or business or for income-producing purposes. Also use Section A to figure casualty or theft losses and gains related to the portion of your home used for business if you used the simplified method to determine your deductible expenses for business use of your home.

Use Section B to figure casualty or theft gains and losses for property that is used in a trade or business or for income-producing purposes.

If property is used partly in a trade or business and partly for personal purposes, such as a personal home with a rental unit, figure the personal part in Section A and the business part in Section B.

Use Section C to figure a theft loss deduction from a Ponzi-type investment scheme if you qualify to use Revenue Procedure 2009-20, as modified by Revenue Procedure 2011-58, and choose to follow the procedures in the guidance. Section C of Form 4684 replaces Appendix A in Revenue Procedure 2009-20. You don't need to complete Appendix A. See [Losses From Ponzi-Type Investment Schemes](#), later.

Use Section D to elect (or revoke an election) to deduct in the immediately preceding tax year a loss that was attributable to a federally declared disaster and occurred in a federally declared disaster area.

### Section A—Personal Use Property

Use a separate column for lines 2 through 9 to show each item lost or damaged from a single casualty or theft described on line 1. If more than four items were lost or damaged, use additional sheets following the format of lines 1 through 9.

Use a separate Form 4684 through line 12 for each casualty or theft involving property not used in a trade or business or for income-producing purposes. For example, use a separate Form 4684 through line 12 for property lost or damaged due to Hurricane Harvey or Tropical Storm Harvey, Hurricane Irma, Hurricane Maria, or the California wildfires or attributable to any qualified disaster described in [Qualified disaster loss](#), earlier.

Don't include any loss previously deducted on an estate tax return.

If you are liable for casualty or theft losses to property you lease from someone else, see [Leased property under Figuring a Loss](#) in Pub. 547.

If you are reporting a casualty or theft loss attributable to a federally declared disaster, check the box and enter the associated FEMA disaster declaration number in the space provided above line 1 on your 2019 Form 4684. A list of federally declared disasters and FEMA disaster declaration numbers is available at [FEMA.gov/Disasters](https://www.fema.gov/Disasters).

The FEMA disaster declaration number consists of the letters "DR" and four numbers, or the letters "EM" and four numbers. For example, enter "DR-4412" for North Carolina Tropical Storm Michael, or enter "EM-3403" for Virginia Hurricane Florence.

#### Line 1

Describe the type of property (for example, furniture, jewelry, car, etc.). If you are reporting a loss attributable to a federally declared disaster, and you checked the box and entered the FEMA disaster declaration number in the space provided above line 1, enter the ZIP code for the property most affected on the line for Property A.

#### Line 2

Cost or other basis usually means original cost plus improvements. Subtract any postponed gain from the sale of a previous main home. Special rules apply to property received as a gift or inheritance. See [Basis Other Than Cost](#) in Pub. 551, for details. If you inherited the property from someone who died in 2010 and the executor of the decedent's estate made the election to file Form 8939, Allocation of Increase in Basis for Property Received From a Decedent, refer to the information provided by the executor or see Pub. 4895, Tax Treatment of Property Acquired From a Decedent Dying in 2010, available at [IRS.gov/Pub/IRS-Prior/p4895--2011.pdf](https://www.irs.gov/pub/irs-prior/p4895--2011.pdf).

#### Line 3

Enter on this line the amount of insurance or other reimbursement you received or expect to receive for each property. Include your insurance coverage whether or not you are filing a claim for reimbursement. For example, your car worth \$2,000 is totally destroyed in a flood in an area designated as a federal disaster. You are insured with a \$500 deductible, but decide not to report it to your insurance company because you are afraid the insurance company will cancel your policy. In this case, enter \$1,500 on this line.

If you expect to be reimbursed but haven't yet received payment, you must still enter the expected reimbursement from the loss. If, in a later tax year, you determine with reasonable certainty that you won't be reimbursed for all or part of the loss, you can deduct for that year the amount of the loss that isn't reimbursed.

**Types of reimbursements.** Insurance is the most common way to be reimbursed for a casualty or theft loss, but if:

- Part of a federal disaster loan is forgiven, the part you don't have to pay back is considered a reimbursement.

- The person who leases your property must make repairs or must repay you for any part of a loss, the repayment and the cost of the repairs are considered reimbursements.
- A court awards you damages for a casualty or theft loss, the amount you are able to collect, minus lawyers' fees and other necessary expenses, is a reimbursement.
- You accept repairs, restoration, or cleanup services provided by relief agencies, it is considered a reimbursement.
- A bonding company pays you for a theft loss, the payment also is considered a reimbursement.

**Lump-sum reimbursement.** If you have a casualty or theft loss of several assets at the same time and you receive a lump-sum reimbursement, you must divide the amount you receive among the assets according to the fair market value of each asset at the time of the loss.

**Grants, gifts, and other payments.** Grants and other payments you receive to help you after a casualty are considered reimbursements only if they must be used specifically to repair or replace your property. Such payments will reduce your casualty loss deduction. If there are no conditions on how you have to use the money you receive, it isn't a reimbursement.

**Use and occupancy insurance.** If insurance reimburses you for your loss of business income, it doesn't reduce your casualty or theft loss. The reimbursement is income and is taxed in the same manner as your business income.

**Main home destroyed.** If you have a gain because your main home was destroyed, you generally can exclude the gain from your income as if you had sold or exchanged your home. You may be able to exclude up to \$250,000 of the gain (up to \$500,000 if married filing jointly). To exclude a gain, you generally must have owned and lived in the property as your main home for at least 2 years during the 5-year period ending on the date it was destroyed. For information on this exclusion, see Pub. 523, Selling Your Home.

If you exclude the gain and the entire gain is excludable, don't report the casualty on Form 4684. If the gain is more than you can exclude, reduce the insurance or other reimbursement by the amount of the exclusion and enter the result on line 3. Attach a statement showing the full amount of insurance or other reimbursement and the amount of the exclusion. You may be able to postpone reporting the excess gain if you buy replacement property. See [Gain on Reimbursement](#) and [Gains Realized on Homes in Disaster Areas](#), earlier.

#### Line 4

If you are entitled to an insurance payment or other reimbursement for any part of a casualty or theft loss but you choose not to file a claim for the loss, you can't realize a gain from that payment or reimbursement. Therefore, figure the gain on line 4 by subtracting your cost or other basis in the property (line 2) only from the amount of reimbursement you actually received. Enter the result on line 4, but don't enter less than zero.

If you filed a claim for reimbursement but didn't receive it until after the year of the casualty or theft, include the gain in your

income in the year you received the reimbursement.

## Lines 5 and 6

Fair market value (FMV) is the price at which the property would be sold between a willing buyer and a willing seller, each having knowledge of the relevant facts. The difference between the FMV immediately before the casualty or theft and the FMV immediately after represents the decrease in FMV because of the casualty or theft.

The FMV of property after a theft is zero if the property isn't recovered.

FMV is generally determined by a competent appraisal. The appraiser's knowledge of sales of comparable property about the same time as the casualty or theft, knowledge of your property before and after the occurrence, and the methods of determining FMV are important elements in proving your loss.

The appraised value of property immediately after the casualty must be adjusted (increased) for the effects of any general market decline that may occur at the same time as the casualty or theft. For example, the value of all nearby property may become depressed because it is in an area where such occurrences are commonplace. This general decline in market value isn't part of the property's decrease in FMV as a result of the casualty or theft.

Replacement cost or the cost of repairs isn't necessarily FMV. However, you may be able to use the cost of repairs to the damaged property as evidence of loss in value if:

- The repairs are actually made,
- The repairs are necessary to restore the property to the condition it was in immediately before the casualty,
- The amount spent for repairs isn't excessive,
- The repairs only correct the damage caused by the casualty, and
- The value of the property after the repairs isn't, as a result of the repairs, more than the value of the property immediately before the casualty.

To figure a casualty loss to real estate not used in a trade, business, or for income-producing purposes, measure the decrease in value of the property as a whole. All improvements, such as buildings, trees, and shrubs, are considered together as one item. Figure the loss separately for other items. For example, figure the loss separately for each piece of furniture.

**Safe harbor methods for determining casualty and theft losses.** See Revenue Procedure 2018-08, 2018-2 I.R.B. 286, available at [IRS.gov/IRB/2018-02\\_IRB](https://www.irs.gov/irb/2018-02_IRB), for safe harbor methods that you may use in determining the amount of your casualty and theft losses for your home and personal belongings. See Revenue Procedure 2018-09, 2018-2 I.R.B. 290, available at [IRS.gov/IRB/2018-02\\_IRB](https://www.irs.gov/irb/2018-02_IRB), for the cost indexes safe harbor method that you may use to determine the amount of loss to your home as a result of Hurricane and Tropical Storm Harvey, Hurricane Irma, and Hurricane Maria. The cost

indexes provide tables with cost per square foot for Texas, Louisiana, Florida, Georgia, South Carolina, Puerto Rico, and the U.S. Virgin Islands.

**Safe harbor reporting requirements for Form 4684.** If you use one of the safe harbor methods provided in Revenue Procedure 2018-08, you must attach a statement to Form 4684 stating that you used Revenue Procedure 2018-08 to determine the amount of your casualty loss. Include the specific safe harbor method used. If you use the cost indexes safe harbor method provided in Revenue Procedure 2018-09 to calculate hurricane-related losses, you must attach a statement to Form 4684 stating that you used Revenue Procedure 2018-09 to determine the amount of your casualty loss. Include the specific table number used. When completing Form 4684, do not enter an amount on line 5 or line 6 for each property. Instead, enter the decrease in the fair market value determined in the relevant safe harbor method on line 7.

## Line 11

If you sustained a [qualified disaster loss](#), including those sustained in 2019, add the amounts on line 4 of all Forms 4684. Compare the sum with the amount on line 10. If the amount on line 10 is larger, enter \$500 on line 11 of the Form 4684 reporting the qualified disaster losses.

If the amount on line 10 is smaller, or if you are reporting a [disaster loss](#), enter \$100 and complete the remainder of the form without applying the special rules for qualified disaster losses.

## Line 13

Enter on this line the amounts from line 4 of all Forms 4684 reporting a gain.

## Line 14

**Note.** An exception to the rule that disallows a deduction for personal casualty and theft losses other than those attributable to federally declared disasters applies if you have personal casualty gains reported on line 13 of your Form 4684. You will deduct the portion of your personal casualty losses not attributable to a federally declared disaster to the extent the loss doesn't exceed your personal casualty gains. Any remaining personal casualty gains will be used to reduce the amount of your deductible federal casualty losses.

If you have losses that are not attributable to a federally declared disaster, such as those described above, use [Worksheet 1-1](#) to calculate the amount you should enter on line 14. Otherwise, add the amounts on line 12 of all Forms 4684 and enter that total on line 14.

## Worksheet 1-1. Losses Not Attributable to a Federally Declared Disaster—Line 14

1. Add the amounts from line 12 of all Forms 4684 reporting losses <b>not</b> attributable to a federally declared disaster . . . . .	1. _____
2. Add the amounts from line 12 of all Forms 4684 reporting losses attributable to a federally declared disaster. . . . .	2. _____
3. Enter the smaller of line 1 or line 13 of Form 4684 . . . . .	3. _____
4. Add lines 2 and 3. Enter the result here and on Form 4684, line 14 . . . . .	4. _____

## Line 15

**Note.** You will complete line 15 differently depending on whether you have a net gain or loss and whether you have a [qualified disaster loss](#).

**Net gain.** If line 13 is more than line 14, you have a net gain. Report the gain as follows.

- Combine your short-term gains with your short-term losses and include the net short-term gain or (loss) on Schedule D (Form 1040 or 1040-SR), line 4. Estates and trusts include this amount on Schedule D (Form 1041), line 4.
- Combine your long-term gains with your long-term losses and include the net long-term gain or (loss) on Schedule D (Form 1040 or 1040-SR), line 11. Estates and trusts include this amount on Schedule D (Form 1041), line 11.

The holding period for long-term gains and losses is more than 1 year. For short-term gains and losses, it is 1 year or less. To figure the holding period, begin counting on the day after you received the property and include the day the casualty or theft occurred.

Generally, if you inherit property, you are considered to have held the property for longer than 1 year, regardless of how long you actually held it. If you inherited property from someone who died in 2010 and the executor made the election to file Form 8939, refer to the information provided by the executor or see Pub. 4895, available at [IRS.gov/Pub/IRS-Prior/p4895--2011.pdf](https://www.irs.gov/pub/irs-prior/p4895--2011.pdf) to determine your holding period.

**Net loss.** If line 13 is less than line 14 and you have qualified disaster losses subject to the \$500 reduction on line 11 on any Form(s) 4684:

- Subtract line 13 from line 14. Enter the smaller of this difference or the amount on line 12 of the Form 4684 listing those qualified disaster losses. The amount is your net qualified disaster loss. Enter this amount on line 15 and on Schedule A (Form 1040 or 1040-SR), line 16 (Schedule A, line 7, for Form 1040-NR filers), as "Net Qualified Disaster Loss."

Complete the rest of Schedule A either by:

- Itemizing other deductions as usual, or
- Including the amount of your standard deduction (see the Instructions for Forms 1040

and 1040-SR, line 9, or the Instructions for Form 1040-NR, line 37) on Schedule A, line 16 (Schedule A, line 7, for Form 1040-NR filers), as “Standard Deduction Claimed With Qualified Disaster Loss.” If you also are filing Form 6251, see [Taxpayers who also file the 2019 Form 6251, Alternative Minimum Tax for Individuals](#) next.

Don’t complete the rest of this section if all your personal casualty and theft losses are qualified disaster losses subject to the \$500 reduction.

If line 13 is less than line 14 and you have no qualified disaster losses subject to the \$500 reduction on line 11 of your Form 4684, enter -0- and go to line 16 and complete the rest of the section.

**Taxpayers who also file the 2019 Form 6251, Alternative Minimum Tax for Individuals.** If you filed Schedule A just to claim an increased standard deduction on Form 1040 or 1040-SR due to a loss you suffered related to property in a federally declared disaster area, then enter zero on Form 6251, line 2a, and go to line 2b. You will include the amount of the standard deduction (before it was increased by any net qualified disaster loss) on Form 6251, line 3.

If you filed Schedule A to claim an increased standard deduction on Form 1040 or 1040-SR due to a loss you suffered related to property in a federally declared disaster area, then include on line 3 of your Form 6251 the standard deduction amount you listed on the dotted line next to Schedule A (Form 1040 or 1040-SR), line 16, as your “Standard Deduction Claimed With Qualified Disaster Loss.”

If you filed Schedule A to itemize your deductions, then **don’t** make this adjustment.

## Line 17

Estates and trusts figure AGI in the same way as individuals, except that the costs of administration are allowed in figuring AGI.

## Section B—Business and Income-Producing Property



*You can no longer claim any miscellaneous itemized deductions. As a result, business casualty and theft losses of property used in performing services as an employee cannot be deducted nor applied in the netting process to offset gains.*



*The rules for electing large partnerships have been repealed and are not applicable.*

Use a separate column of Part I, lines 20 through 27, to show each item lost or damaged from a single casualty or theft described on line 19. If more than four items were lost or damaged, use additional sheets following the format of Part I, lines 19 through 27.

Use a separate Form 4684, Section B, Part I, for each casualty or theft involving property used in a trade or business or for income-producing purposes. Use one Section B, Part II, to combine all Sections B, Part I.

For details on the treatment of casualties or thefts to business or income-producing property, including rules on the loss of inventory

through casualty or theft, see *Figuring a Loss* in Pub. 547.

## Home Used for Business or Rented Out

If you had a casualty or theft loss involving a home you used for business or rented out, your deductible loss may be limited. First, complete Form 4684, Section B, lines 19 through 26. If the loss involved a home used for a business for which you are filing Schedule C (Form 1040 or 1040-SR), Profit or Loss From Business, figure your deductible casualty or theft loss on Form 8829, Expenses for Business Use of Your Home (if you are using Form 8829). Enter on Form 4684, line 27, the deductible loss from Form 8829, line 35, and “See Form 8829” above line 27. For a home you rented out or used for a business for which you aren’t filing Schedule C (Form 1040 or 1040-SR), see section 280A(c)(5) to figure your deductible loss. Attach a statement showing your computation of the deductible loss, enter that amount on line 27, and “See attached statement” above line 27.

If you used the simplified method to determine your deductible expenses for business use of your home for 2019, figure the casualty or theft loss for the home office in Section A instead of on Form 8829 and Section B.

## Property Used in a Passive Activity

A gain or loss from a casualty or theft of property used in a passive activity isn’t taken into account in determining the loss from a passive activity unless losses similar in cause and severity recur regularly in the activity. See Form 8582, Passive Activity Loss Limitations, and its instructions for details.

## Losses From Ponzi-Type Investment Schemes

The IRS has issued the following guidance to assist taxpayers who are victims of losses from Ponzi-type investment schemes.

- Revenue Ruling 2009-9, 2009-14 I.R.B. 735 (available at [IRS.gov/IRB/2009-14\\_IRB#RR-2009-9](#)).
- Revenue Procedure 2009-20, 2009-14 I.R.B. 749 (available at [IRS.gov/IRB/2009-14\\_IRB#RP-2009-20](#)).
- Revenue Procedure 2011-58, 2011-50 I.R.B. 849 (available at [IRS.gov/IRB/2011-50\\_IRB#RP-2011-58](#)).

If you qualify to use Revenue Procedure 2009-20, as modified by Revenue Procedure 2011-58, and choose to follow the procedures in the guidance, first fill out Section C to determine the amount to enter on Section B, line 28. Skip lines 19 to 27. Section C of Form 4684 replaces Appendix A in Revenue Procedure 2009-20. You don’t need to complete Appendix A.

For more information, see the instructions for [Section C](#), later, and the above revenue ruling and revenue procedures.

If you choose not to use the procedures in Revenue Procedure 2009-20, you may claim

your theft loss by filling out Section B, lines 19 to 39, as appropriate.

## Section 179 Property of a Partnership or S Corporation

Partnerships and S corporations that have a casualty or theft involving property for which the section 179 expense deduction was previously claimed and passed through to the partners or shareholders must not use Form 4684 to report the transaction. Instead, see the Instructions for Form 4797 for details on how to report it. Partners and S corporation shareholders who receive a Schedule K-1 reporting such a transaction should see the Instructions for Form 4797 for details on how to figure the amount to enter on Form 4684, line 20.

## Line 19

If you are claiming a loss from a fraudulent investment arrangement and you are **not** filling out Section C, you must enter the name, Taxpayer Identification Number (if known), and address (if known) of the individual or entity that conducted the fraudulent arrangement. Complete the rest of Section B, Part I.

## Line 20

Cost or adjusted basis usually means original cost plus improvements, minus depreciation allowed or allowable (including any section 179 expense deduction), amortization, depletion, etc. Special rules apply to property received as a gift or inheritance. See *Basis Other Than Cost* in Pub. 551 for details. If you inherited the property from someone who died in 2010 and the executor of the decedent’s estate made the election to file Form 8939, refer to the information provided by the executor or see Pub. 4895, available at [IRS.gov/Pub/IRS-Prior/p4895--2011.pdf](#).

## Line 21

See the instructions for [Line 3](#).

## Line 22

See the instructions for [Line 4](#).

## Lines 23 and 24

See the instructions for [Lines 5 and 6](#) for details on determining FMV.

### Loss on each item figured separately.

Unlike a casualty loss to personal use real estate, in which all improvements are considered one item, a casualty loss to business or income-producing property must be figured separately for each item. For example, if casualty damage occurs to both a building and to trees on the same piece of real estate, measure the loss separately for the building and for the trees.

## Line 28

If the amount on line 28 includes losses on property held 1 year or less, and losses on property held for more than 1 year, you must allocate the amount between lines 29 and 34 according to how long you held each property. Enter on line 29 all gains and losses on property


held 1 year or less. Enter on line 34 all gains and losses on property held more than 1 year, except as provided in the instructions for line 33.

If you are claiming a theft loss from a Ponzi-type investment scheme and are following the procedures in Revenue Procedure 2009-20, 2009-14 I.R.B. 749, enter on line 28 the amount from Section C, line 51. Don't complete Section B, lines 19 to 27, of Form 4684 for that loss. You must fill out Section B, Part II.

## Part II, Column (a)

On lines 29 and 34, use a separate line to identify each casualty or theft. If you have more than two casualties or thefts, attach an additional sheet following the format of lines 29 and 34.

**Example.** Ishmael is claiming two casualty losses for his business property. One loss is due to a fire in July and the other loss is due to a hurricane in October. He fills out one Section B, Part I, for the fire and another separate Section B, Part I, for the hurricane. He held the property for 1 year or less. He fills out only one Section B, Part II, to summarize the two losses he is claiming. On line 29, he enters "Fire" on the first line and "Hurricane" on the second line.

 **TIP** If you are claiming a theft loss from a Ponzi-type investment scheme, enter the name of the individual or entity that conducted the fraudulent arrangement.

## Part II, Column (b)(i)

Enter the part of line 28 from trade, business, rental, or royalty property.

## Part II, Column (b)(ii)

Enter the part of line 28 from income-producing property. Income-producing property is property held for investment, such as stocks, notes, bonds, gold, silver, vacant lots, and works of art.

## Part II, Column (c)

On line 29, enter the part of line 22 that is from property held for 1 year or less.

On line 34, enter the part of line 22 that is from property held for more than 1 year.

## Line 30

Include in the total any amounts from the additional sheet you attached because you had more than two casualties or thefts on line 29.

## Line 31

If Form 4797, Sales of Business Property, isn't otherwise required, enter the amount from this line on your Schedule 1 (Form 1040 or 1040-SR), line 4. Next to that line, enter "Form 4684."

## Line 32

Estates and trusts, enter the amount from line 32 on the "Other deductions" line of your

tax return. Partnerships, enter on Form 1065, Schedule K, line 13d. S corporations, enter on Form 1120-S, Schedule K, line 12d. Next to that line, enter "Form 4684."

## Line 33

If you had a casualty or theft gain from certain trade, business, or income-producing property held more than 1 year, you may have to recapture part or all of the gain as ordinary income. See the instructions for Form 4797, Part III, for more information on the types of property subject to recapture. If recapture applies, complete Form 4797, Part III, and this line, instead of Form 4684, line 34.

## Line 35

Include in the total any amounts from the additional sheet you attached because you had more than two casualties or thefts.

## Line 38a

Taxpayers, other than partnerships and S corporations, if Form 4797 isn't otherwise required, enter the amount from this line on the appropriate line for the form you are filing.

**Form 1040 or 1040-SR filers.** Enter this amount on your Schedule 1 (Form 1040 or 1040-SR), line 4. Next to that line, enter "4684."

**Form 1040-NR filers.** Enter this amount on line 15. Next to that line, enter "4684."

**Form 1120, 1120-F, and 1120-POL filers.** See the instructions for Form 1120 (Schedule D) for where to report this amount.

## Section C—Theft Loss Deduction for Ponzi-Type Investment Scheme Using the Procedures in Revenue Procedure 2009-20

Fill out Section C if you claim a theft loss deduction for a Ponzi-type investment scheme and you meet **both** of the following conditions.

- You qualify to use Revenue Procedure 2009-20, as modified by Revenue Procedure 2011-58.
- You choose to follow the procedures in the guidance.

If you meet both conditions, fill out Section C in lieu of Appendix A in Revenue Procedure 2009-20.

For more information about claiming a theft loss deduction from a Ponzi-type investment scheme, see the following guidance.

- Revenue Ruling 2009-9, 2009-14 I.R.B. 735 (available at [IRS.gov/IRB/2009-14\\_IRB#RR-2009-9](http://IRS.gov/IRB/2009-14_IRB#RR-2009-9)).
- Revenue Procedure 2009-20, 2009-14 I.R.B. 749 (available at [IRS.gov/IRB/2009-14\\_IRB#RP-2009-20](http://IRS.gov/IRB/2009-14_IRB#RP-2009-20)).
- Revenue Procedure 2011-58, 2011-50 I.R.B. 849 (available at [IRS.gov/IRB/2011-50\\_IRB#RP-2011-58](http://IRS.gov/IRB/2011-50_IRB#RP-2011-58)).



**CAUTION** Don't fill out Section C if you don't qualify to use the procedures in Revenue Procedure 2009-20, as modified by Revenue Procedure 2011-58, or you don't choose to follow them. Instead, go to the instructions for Section B.

## Line 40

Enter the initial amount of cash or basis of property that you invested in the investment arrangement. Don't include any of the following on this line, line 41, or line 42.

- Amounts borrowed from the responsible group and invested in the specified fraudulent arrangement, to the extent the borrowed amounts weren't repaid at the time the theft was discovered.
- Amounts such as fees that were paid to the responsible group and deducted for federal income tax purposes.
- Amounts reported to you (the qualified investor) as taxable income that weren't included in gross income on the investor's federal income tax returns.
- Cash or property that you (the qualified investor) invested in a fund or other entity (separate from you (the qualified investor) for federal income tax purposes) that invested in a specified fraudulent arrangement.

For definitions of responsible group, specified fraudulent arrangement, and qualified investor, see Section 4 of Revenue Procedure 2009-20.

## Line 41

Enter the amounts of cash or the basis of property that you invested after you made the initial investment (including amounts reinvested).

## Line 42

Enter the total amounts of net income (for example, interest and dividends minus expenses) from the specified fraudulent arrangement that, consistent with information received from that arrangement, you included in income for federal tax purposes for all tax years before the discovery year, including tax years for which a refund is barred by the statute of limitations.

**Discovery year.** The discovery year is the tax year when one of the following occurs.

- The indictment, information, or complaint described in section 4.02(1) or (2) of Revenue Procedure 2009-20 (as modified by Revenue Procedure 2011-58) is filed.
- The complaint or similar document described in section 4.02(3) of Revenue Procedure 2009-20 (as modified by Revenue Procedure 2011-58) is filed, or the death of the lead figure occurs, whichever is later.

## Line 44

Enter the total amount of cash or property that you withdrew from the investment arrangement in all years (whether designated as income or principal).

## Line 45

This is the amount of your investment that is eligible for a deduction before any actual or potential recoveries are taken into account.

## Line 46

**Potential third-party recovery.** This is the amount of all actual or potential claims for

recovery, as of the last day of the discovery year (defined earlier), that are **not** from potential insurance or Securities Investor Protection Corporation (SIPC) recovery, or a potential direct recovery.

**Potential insurance/SIPC recovery.** This is the total of all actual or potential claims for reimbursement that, as of the last day of the discovery year, are attributable to:

- Insurance policies in your name that protect you from this type of loss;
- Contractual arrangements, other than insurance, that guaranteed or otherwise protected against this type of loss; or
- Amounts payable from SIPC, as advances for customer claims under the Securities Investor Protection Act of 1970, or by a similar entity under a similar provision.

**Potential direct recovery.** This is the amount of all actual or potential claims for recovery, as of the last day of the discovery year (defined earlier), against the responsible individual or group.

### Line 48

Enter the amounts you actually received as a reimbursement or recovery from any source. Don't include amounts that are potential direct recoveries (defined earlier) or potential third-party recoveries (defined earlier).

### Line 49

Enter the amount of potential insurance/SIPC recovery (defined earlier).

### Line 51

Enter the amount from line 51 on line 28 of Section B. Don't complete lines 19 to 27 for this loss. Then complete Section B, Part II.



*If you had other casualties or thefts, fill out a separate Section B, Part I, for them.*

### Part II

Read the statements and declarations in this part carefully. Enter the required information in the spaces provided. You are agreeing to these statements and declarations when you sign

your tax return. The information you enter in this part will be used to verify the fraudulent investment arrangement.

## Section D—Election To Deduct Federally Declared Disaster Loss in Preceding Tax Year

Read the discussion under [Disaster Losses](#), earlier. Then fill out Section D if you want to elect to deduct a disaster loss on your tax return for the preceding year. You also may fill out Section D if you want to revoke a previous election to deduct a disaster loss in the tax year immediately preceding the disaster year.

### Part I—Election Statement

Fill out Part I if you want to make an election to deduct a loss attributable to a federally declared disaster and that occurred in a federally declared disaster area in the tax year immediately preceding the tax year the loss was sustained. By making this election, you agree not to deduct the loss for the disaster year.

Attach Section D to your original return or amended return for the tax year immediately preceding the tax year the loss was sustained to claim the disaster loss deduction.

You must make this election on or before the date that is 6 months after the regular due date for filing your original return (without extensions) for the disaster year.

### Part II—Revocation of Prior Election

Fill out Part II if you want to revoke a prior election to deduct a loss attributable to a federally declared disaster and that occurred in a federally declared disaster area in the tax year immediately preceding the tax year the loss was sustained.

Attach Section D to your amended return for the tax year immediately preceding the tax year the loss was sustained to remove the previous disaster loss deduction. You must file this amended return for the preceding year on or before the date you file the original return or

amended return for the disaster year on which you claim the disaster loss.

You can revoke the prior election on or before the date that is 90 days after the due date for making the election.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You aren't required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is shown below.

**Recordkeeping** . . . . . 2 hr., 37 min.

**Learning about the law or the form** . . . . . 24 min.

**Preparing the form** . . . . . 1 hr., 58 min.

**Copying, assembling, and sending the form to the IRS** . . . . . 1 hr., 3 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.