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Frequently Asked Questions on Disaster Recovery Related Topics

1. I donated money to a GoFundMe or other crowdfunding website for the benefit of flood victims. Is my donation deductible for tax purposes? Do I owe taxes on the money I donated?

Your donation made through a crowdfunding website may be deductible for tax purposes if the beneficiary is a qualified organization. Qualified organizations include religious organizations, nonprofit charitable organizations, nonprofit educational organizations, and other similar nonprofit organizations granted tax exempt status by the IRS. You can verify an organization's nonprofit status with the IRS at https://www.irs.gov/charities-non-profits. You should retain supporting documentation of your contribution for tax purposes.

If your donation through a crowdfunding website is for the benefit of an individual or nonqualified organization, the donation is not deductible for tax purposes.

Generally, you will not owe income or gift taxes on donations you make for the benefit of others. However, you may be required to file a Federal Gift Tax Return (Form 709) and pay federal gift tax if you donate $14,000 or more to an individual or nonqualified organization. Louisiana does not impose a gift tax on donations.

2. I received money from a GoFundMe or other crowdfunding website to assist me with disaster related expenses, such as temporary housing and home repair costs. Will I be taxed on the money I receive?

You will likely not owe taxes on money received from a crowdfunding website to assist with disaster related expenses. Generally, individuals do not owe federal or state income tax on the value of property acquired by gift or donation. However, the IRS has not issued any specific guidance on the receipt of money from crowdfunding websites.

3. I volunteered to assist with rescue efforts or shelters. Is my time or services deductible for tax purposes? Are my out of pocket expenses deductible for tax purposes?

You cannot deduct the value of your time or services, including blood donations or the value of income lost while you work as an unpaid volunteer.

You may be able to deduct certain out of pocket expenses if those expenses are unreimbursed, directly connected with the donated services, incurred because of the services you gave, and not personal, living, or family expenses. However, the expenses must be incurred while giving services to a qualified charitable organization. For example, if you are volunteering for a qualified charitable organization which requires you to travel, you can deduct gas and oil expenses directly related to the use of your car in giving services to the qualified charitable organization.

4. I provided living space and meals in my home for a displaced family. Can I deduct expenses such as electricity and food for tax purposes?

No, you cannot deduct expenses such as electricity and food while providing room and board to a displaced family in your home.

5. I donated clothing, food, household goods, or other similar items. Can I deduct the value of these donations?

You can deduct the value of donated items if the items are donated to a qualified organizations, such as a church or nonprofit organization. Clothing and household items must be in good used condition or better to qualify for a deduction.

6. What records should I keep in order to substantiate a charitable deduction?

The types of records you should keep depend on whether you donated cash, noncash items, or incurred out of pocket expenses. Please refer to IRS Publication 526 for a detailed listing of record keeping requirements.

7. My home was flooded but I didn't have flood insurance. Can I claim a casualty loss deduction?

You may deduct casualty and theft losses relating to your home, household items, and vehicles damaged or destroyed. You cannot deduct casualty and theft losses covered by insurance unless you have a timely filed claim for reimbursement and you reduce the loss by the amount of any reimbursement or expected reimbursement.

Your casualty loss deduction is generally the difference of the value of your home immediately before the loss and the value of your home immediately after the loss. The loss is reduced by any insurance benefits received. Certain limits apply based on the types of property damaged.

If your home is located in one of the parishes under a federal disaster declaration, you may be able to amend your 2015 income tax returns to claim the casualty loss deduction and request a refund of 2015 income taxes paid.

Please refer to IRS Publication 547 for more information on casualty loss deductions.

8. I have applied for or received mitigation payments. Do I owe tax on the payments?

Mitigation payments, or qualified disaster relief payments, are not considered income and are not taxable to the recipient. These payments include those amounts paid under the Robert T. Stafford Disaster Relief and Emergency Assistance Act and National Flood Insurance Act.

Any casualty loss deduction claimed on a federal income tax return must be reduced by any mitigation payments received or expected to be received.

9. I have applied for or received FEMA "Individual and Household Program" payments. Do I owe tax on the payments?

FEMA IHP payments are generally not considered income and are not taxable to the recipient. Similar to mitigation payments, any casualty loss deduction and medical expense deductions must be reduced by any FEMA IHP payments received or expected to be received.

10. I received FEMA or an insurance payment that exceeds my adjusted basis in my home or other property. Do I owe tax on the amount the payment exceeds my adjusted basis?

Adjusted basis is defined as the original cost of property reduced by depreciation deductions and increased by capital expenditures. For example, if you purchased a home in 2010 for $200,000 and added another room in 2013 at a cost of $20,000, your adjusted basis is $220,000.

If you receive a FEMA or insurance payment that is greater than your adjusted basis, you may owe income tax on the excess amount. For example, if you received FEMA and insurance benefits relating to your home of $250,000, and the adjusted basis of your home is $220,000, you may owe income tax on the $30,000 excess.

Kimberly Lewis Robinson
Secretary