

Casualty Loss – 2004

Act 25 of the First Extraordinary Louisiana Legislative Session of 2006 expanded the casualty loss relief to include all incurred federal casualty losses. If you have claimed a casualty loss on your 2004 Federal Form 1040, you may increase the amount of your federal income tax deduction by the amount that your federal income tax decreased as a result of claiming your casualty loss. To compute your modified Louisiana federal income tax deduction, you will need to complete the Federal Income Tax Deduction Computation Worksheet and have the following items: A copy of your Federal Form 1040 (pages 1 & 2), Schedule A (Federal Form 1040), and Federal Form 4684. You must attach these federal forms to your return. You will also need your Federal 1040 instruction booklet and accompanying federal tax tables or computation worksheet. Please see Revenue Information Bulletin 06-018.

Note: If you incurred a casualty loss for 2004, you may amend your 2004 Louisiana return to increase the amount of your federal income tax deduction that was decreased as a result of claiming your casualty loss on the federal return. Please complete the Federal Income Tax Deduction Computation Worksheet.

Carryback of 2005 Casualty Loss:

If you are amending your 2004 federal income tax return to claim a casualty loss incurred in 2005, no amendment to the Louisiana return is required. An amended Louisiana return is not required because the maximum Louisiana federal income tax deduction has already been claimed.

If you incurred a federal casualty loss in 2005, and you have elected to amend your 2004 federal return, you must make this election by the later of the following dates: the due date (without extensions) for filing your 2005 federal income tax return or the due date (with extensions) for filing your 2004 federal income tax return. For a calendar year individual taxpayer, you must file the amended federal 2004 return by April 17, 2006.

Instructions For Federal Income Tax Deduction Computation Worksheet:

The information for Lines 1A through 4A of the Federal Income Tax Deduction Computation Worksheet comes from the specified line items of Federal Form 1040. For Lines 1B through 10B follow the computation instructions for each line item. **IMPORTANT:** In order to compute Line 2B, subtract the amount of your total casualty loss incurred found on Line 19 and/or Line 27 of the 2004 Schedule A of Federal Form 1040 from total itemized deductions found on Line 39 of Federal Form 1040, as indicated on the 2004 Federal Income Tax Computation Worksheet.

If the amount of your Adjusted Itemized Deductions is **LESS THAN** your federal standard deduction, enter your federal standard deduction on Line 2B of the Federal Income Tax Computation Worksheet. Information on how to compute your federal standard deduction can be found on Page 2 of Federal Form 1040 in the left margin.

If the amount of your Adjusted Itemized Deduction is **GREATER THAN** your federal standard deduction, enter the amount of your Adjusted Itemized Deductions on Line 2B.

For Lines 3B through 5B, either enter the requested amounts from Federal Form 1040 or perform the appropriate calculations. To recompute your federal income tax for Line 6b, use the amount from Line 5b and refer to the instructions on Line 43 of Federal Form 1040. Enter the recomputed amount on Line 6B.

For Lines 7B through 10B, either enter the requested amounts from Federal Form 1040 or perform the appropriate calculations.