

Tips on tax breaks for quake victims

Individual taxpayers who filed California state income-tax returns for the 1988 tax year may be eligible for a tax refund as a result of the Oct. 17 earthquake and may be able to get a refund check now, rather than waiting to deduct it from next year's return.

According to a press release from state Controller Gray Davis, income-tax deductions are available for property losses not connected with a trade or business for any loss exceeding \$100. Property losses are deductible from state taxes for losses greater than 10 percent of the adjusted gross income of an individual or couple.

Franchise Tax Board forms and information are available at the San Jose, San Francisco and Oakland offices, according to the press release.

Relevant publications are FTB Publication 1026 — California Disaster Relief Tax Provisions, which explains "quick refund" provisions and tells how to get copies of lost returns; 1988 Form 540X — Amended Individual Income Tax Return, for claiming a disaster-related loss; and Form 540/540A Resident Tax Booklet and FTB 3516 — Request for Copy of Tax Return.

Businesses may deduct all disaster losses. Publications are FTB Publication 1026; 1988 FTB 3805V — Net Operating Loss Deduction; 1988 Sch. D-1 — Gains and Losses from Sales or Exchanges of Assets ... and Involuntary Conversions and FTB 3516.

California Revenue and Taxation Code provides for a reduced

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property-tax assessment on a home or business property suffering a loss valued at \$5,000 or more. The code also provides for no "new construction" reassessment upon reconstruction to return property to the condition it was in prior to the quake.

Property-tax relief provisions may require the existence of prior county ordinances and are administered through county assessors' offices. Applications to obtain relief must be made to those offices and property owners need not be county residents to qualify.

Businesses may obtain a 30-day grace period on payment of certain taxes due to the state, including sales, gasoline, alcoholic beverages and cigarette taxes. To obtain the grace period, business owners should send a request for extension in writing with the next tax return, either in a letter accompanying the return or on the return itself.

New legislation enacted in recent special sessions called as a result of the quake also affects tax relief.

The new legislation allows individuals to carry forward their disaster-loss deductions to the extent they exceed net income in the year loss is first claimed, to each of the next five years. If there is excess loss remaining at the end of five years, one-half of that remainder may be carried forward for the next 10 years.

The corporate taxpayer is allowed to throw any disaster loss back to the previous tax year and file an amended 1988 tax return and apply for a refund.