

Good morning All,

As you know, late last year Congressmen Courtney and John Larson asked the Internal Revenue Service (IRS) to evaluate the impact of the new tax law on the November “safe harbor” revenue procedure for claiming crumbling foundations related repairs as a causality loss deduction in the federal tax code. Under the new law, beginning in tax year 2018 only taxpayers who suffer damage related to a presidentially-declared Stafford Act disaster may deduct their property-casualty losses. This provision expires in 2025.

In their request, the members asked for written confirmation that homeowners can continue to claim the “safe harbor” for crumbling foundation-related repairs on their 2017 federal tax returns and eligible prior year returns, as well as a written analysis of how the new tax law may impact the ability of Connecticut homeowners to claim a crumbling foundations related casualty loss deduction in 2018 and beyond. [Click here to read that formal request.](#)

The IRS has since responded to the request. In his response, Acting Commissioner David Kautter confirms that qualified homeowners who have already completed repairs to their home would be able to claim the eligible costs on their federal tax returns for 2017, or any open prior year. The letter notes that the changes made by the new tax law will preclude homeowners from claiming repair costs on their tax returns in 2018 and following years. However, the letter also notes that the IRS is evaluating options for possible “transitional relief” that could extend tax relief for homeowners.

[Click here to read the letter sent to Courtney and Larson from the IRS](#)

Our office remains in regular contact with Treasury and IRS to review all options under the law and IRS regulation to provide as much relief as possible to homeowners. We are hopeful to have additional information soon, and will share updates as we have them.

We hope this update is helpful and we will provide further information as it becomes available. As always, please do not hesitate to contact our office if you have any questions, comments or insight that may be useful as we seek to preserve the property casualty loss deduction for homeowners facing crumbling foundations.

Please note that any affected homeowner should consult with a qualified tax preparer regarding this issue. This memo is a policy update and does not constitute individual tax assistance.

Ayanti E. Grant
District Director
Representative Joe Courtney (CT-2)
55 Main Street, Suite 250| Norwich, CT 06360
[\(860\) 886-0139](tel:8608860139) p | [\(860\) 886-2974](tel:8608862974) f