



LARSON, COURTNEY, NEAL ANNOUNCE EXTENSION OF FEDERAL TAX RELIEF FOR CRUMBLING FOUNDATION REPAIRS

February 7, 2018

WASHINGTON, DC – Today, **Rep. John Larson (CT-01), Rep. Joe Courtney (CT-02), and Rep. Richard Neal (MA-01)** announced updated guidance from the Internal Revenue Service (IRS) that extends the period of time that homeowners have to claim crumbling foundation related repairs on their federal taxes. Under the guidance issued today, homeowners will now have through the end of 2020 to make qualified repairs to their home and until April 2021 to claim those repairs on an amended 2017 federal tax return.

[Click here to read the updated revenue procedure](#)

“This is welcome news for homeowners in our districts,” **the members said.** “The additional three years afforded under this updated policy provides critical time for more homeowners impacted by crumbling foundations to make repairs and secure federal tax relief. Since enactment of the new tax law, we have been in regular contact with officials from the Treasury and IRS to explore ways to extend as much relief as possible to homeowners in spite of the changes made by the law. We are grateful for their attention to our concerns and the support they have provided today to homeowners struggling with the damage caused by crumbling foundations.”

Background:

Last November, the IRS issued Rev. Proc. 2017-60 to enact a “safe harbor” for the treatment of crumbling foundation-related repair costs as a “casualty loss” deduction from a taxpayer's taxable income under Section 165 of the Internal Revenue Code.

The new tax law, signed into law in December, temporarily limits the applicability of Section 165. Under the 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.

A December 21 letter to the members from the IRS confirmed that homeowners who had already completed repairs to their home before the end of 2017 would be able to claim the costs on their federal tax returns for 2017, or any open prior year.

Generally speaking, taxpayers have three years from the date they filed their original tax return to file Form 1040X to amend their return (and claim this deduction). The updated revenue procedure extends the “safe harbor” through the period that 2017 returns can be amended, expected to be the filing season in spring of 2021.

Homeowners should consult with a qualified tax preparer to see if they qualify for this deduction and determine how to use it on their 2017 or future returns as allowed under today’s updated guidance.