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Jan. 21, 2020



As part of a massive spending package, Congress passed the “Taxpayer Certainty and Disaster Tax Relief Act” at the end of 2019. In addition to a host of tax extenders, this new law provides tax relief for federal disaster area victims in 2018 through January 19, 2020. For instance:

Special tax relief for filers. Currently, taxpayers in federally-designated disaster areas who itemize can still deduct casualty losses, but only to the extent that their

unreimbursed losses exceed 10% of adjusted gross income (AGI). The new law allows

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allows re-contribution of retirement plan withdrawals for home purchases canceled due to disasters.

Tax credit for employee retention. Finally, the new law creates a brand-new credit for employees that have retained qualified disaster-area employees. This credit is equal to 40% of the first \$6,000 of wages paid to an affected employee from a core disaster area. Thus, the maximum credit is \$2,400 per worker. Tax bonus: The credit applies to wages paid without regard to whether services for those wages were actually performed.

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