Taxation Issues associated with the Butte Fire

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October 28, 2015

DISCLAIMER

Today's discussion is educational, <u>NOT</u> legal or accounting advice, since the facts and circumstances of each taxpayer's individual situation need to be taken into consideration for an exact application of the tax law.

Civics 101

- **Legislation** – **Congress** writes and the President signs into law the Internal Revenue Code or IRC. (Title 26 of U.S. Codes)
- **Administration** – The IRS interprets the Code through regulations, revenue rulings, private letter rulings, technical advice memoranda, et al.
- **The Courts** – Cases may be brought by taxpayers in either Tax Court, District Court, or the Court of Claims.

  Taxpayers may initiate court actions after audit or after they have exhausted all other means of issue resolution with the IRS.

Ownership Purposes

Why do you own the property?

- Do you use the property primarily for *personal use*?
- Are you holding the property primarily for *investment* purposes?
- Are you in the *trade or business* of buying and selling timber?

Ownership Purposes (cont.)

Your ownership purpose is important as it can affect the amount and type of tax you pay as well as the deductions you can take.

Keeping Records

- Management information/plans including photos
- Accounting records
  - Shoebox, journal, journal with accounts
- Form T – Timber (available at www.IRS.gov)

These are important because they help you to document your ownership activities and income and expenses.

Form T

Forest Activities Schedule

Form **T (Timber)**
(Rev. December 2013)
Department of the Treasury
Internal Revenue Service

Forest Activities Schedule
► Attach to your tax return.
► Information about Form T (Timber) and its separate instructions is at *www.irs.gov/timber.*
For tax year ending ______________ , 20 ____ .

OMB No. 1545-0007
Attachment Sequence No. **117**

Name(s) as shown on return | Identifying number

Part I Acquisitions

1 Name of block and title of account

2 Location of property (by legal subdivisions or map surveys)

3a Name and address of seller or person from whom property was acquired | b Date acquired

4 Amount paid: a In cash
b In interest-bearing notes
c In non-interest-bearing notes

5a Amount of other consideration
b Explain the nature of other consideration and how you determined the amount shown on line 5a.

6 Legal expenses

7 Cruising, surveying, and other acquisition expenses

8 Total cost or other basis of property. Add lines 4a through 7

9 Allocation of total cost or other basis on books:	Unit	Number of units	Cost or other basis per unit	Total cost or other basis
a Forested land	Acre			
b Other unimproved land	Acre			
c Improved land (describe) ► ______	Acre			
d Merchantable timber. Estimate the quantity of merchantable timber present on the acquisition date (see Regulations section 1.611-3(e)). Details of the timber estimate, made for purposes of the acquisition, should be available if your return is examined.				
e Premerchantable timber. Make an allocation here only if it is a factor in the total cost or value of the land.				
f Improvements (list separately)				
g Mineral rights				
h Total cost or other basis (same amount as line 8). Add lines 9a through 9g				

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 16717G Form **T (Timber)** (Rev. 12-2013)

IRC Code Sections that May Affect You

- Casualty losses, thefts, condemnations - IRC § 165
- Involuntary Conversions - IRC § 1033
- Reforestation - IRC § 194
- Cost-share payments - IRC § 126

Casualty Losses -- Do you have one?

Regulation §1.165-7. **Casualty losses.** - (a) In general. - (1) **Allowance of deduction.** . . . any loss arising from **fire**, **storm**, . . . or other casualty is allowable as a deduction under section 165(a) for the taxable year in which the loss is sustained.

The **manner of determining the amount of a casualty loss** allowable as a deduction . . . **is the same whether the loss has been incurred in a trade or business or in any transaction entered into for profit, or whether it has been a loss of property not connected with a trade or business** and not incurred in any transaction entered into for profit.

Concept of Basis

Basis is the accounting term for what did something cost.

Can be adjusted for depreciation, depletion, or additional capital expenditures.

Why is basis or adjusted cost important for Casualty Losses?

The Potential Bad News

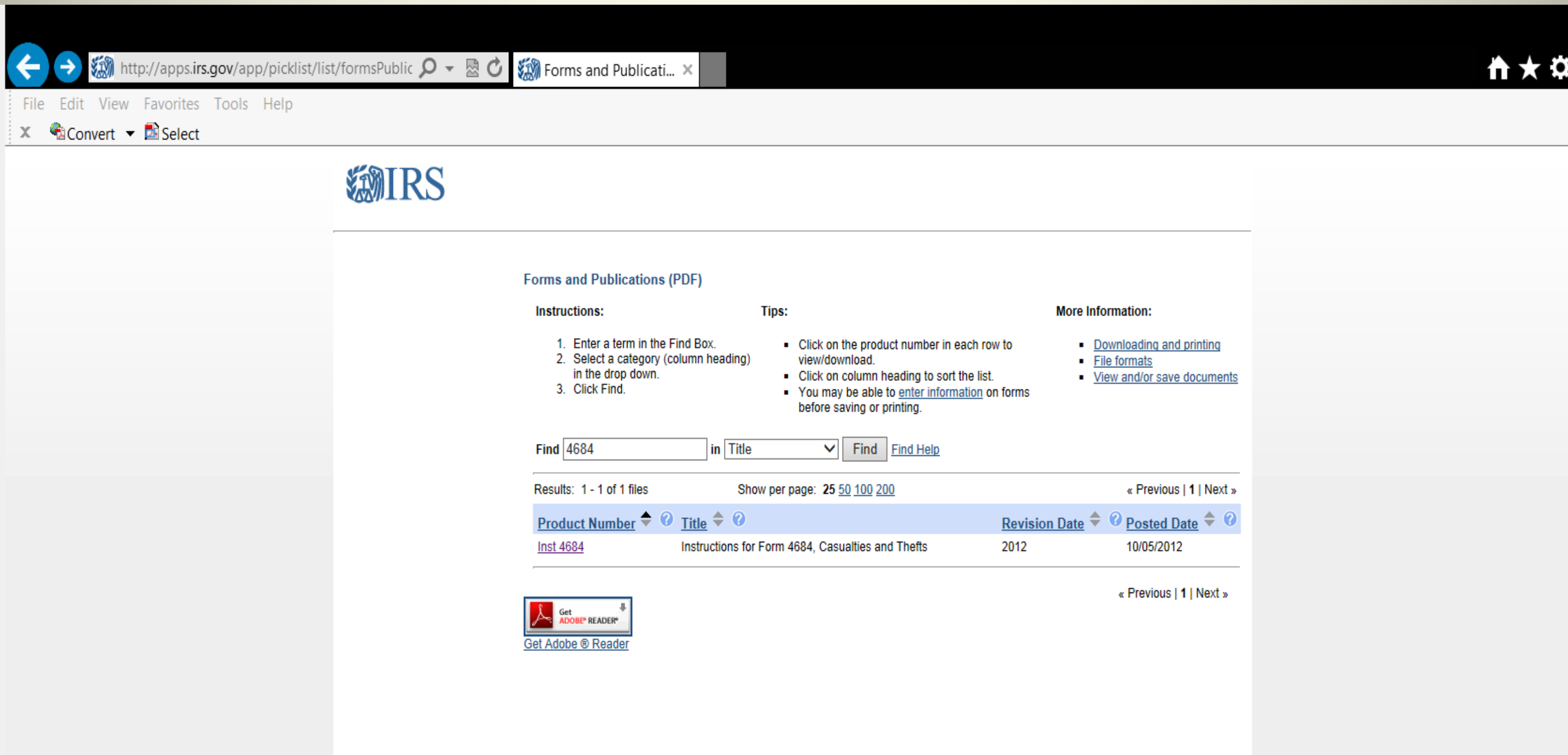
- Casualty losses are limited to the lower of ***the adjusted basis of the property*** or the ***decrease in fair market value*** caused by the casualty.
- Concept of Single Identifiable Property (SIP)
- Usually, insect attacks that kill trees are not considered to be a casualty loss.

Casualty Losses cont.

- Personal Property Example
- Must subtract $ 100 for each casualty event.
- Must subtract any salvage value or insurance proceeds or reimbursement.
- Finally subtract 10% of adjusted gross income for the year to determine the casualty loss.

Example of Personal Casualty loss

Cost of house	$ 150,000
Adj. Gross Income	$ 50,000
Fair Market Value Before the fire	$ 200,000
Fair Market Value After the fire	$ 0
Change in Fair Market Value	$ 200,000
Prelim. Loss limited to	$ 150,000
Loss after subtracting $ 100	$ 149,900
Less 10% of Adj. Gross Income	$ 5,000
Casualty Loss Deduction	**$ 144,900**



Example of a search at www.irs.gov for forms, publications, and other documents. Use ***publ*** for publications

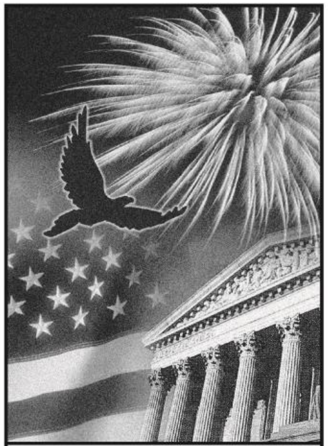
IRS Publication 547

Department of the Treasury
Internal Revenue Service

Publication 547
Cat. No. 15090K

Casualties, Disasters, and Thefts

For use in preparing
2014 Returns



Get forms and other information faster and easier at:
- IRS.gov (English)
- IRS.gov/Spanish (Español)
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- IRS.gov/Korean (한국어)
- IRS.gov/Russian (Русский)
- IRS.gov/Vietnamese (TiếngViệt)

Dec 19, 2014

Contents

Reminders

Future developments. For the latest information about developments related to Publication 547, such as legislation enacted after it was published, go to *www.irs.gov/pub547*.

Photographs of missing children. The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Introduction

This publication explains the tax treatment of casualties, thefts, and losses on deposits. A casualty occurs when your property is damaged as a result of a disaster such as a storm, fire, car accident, or similar event. A theft occurs when someone steals your property. A loss on deposits occurs when your financial institution becomes insolvent or bankrupt.

This publication discusses the following topics.

- Definitions of a casualty, theft, and loss on deposits.
- How to figure the amount of your gain or loss.
- How to treat insurance and other reimbursements you receive.
- The deduction limits.
- When and how to report a casualty or theft.
- The special rules for disaster area losses.

Form **4684**

Department of the Treasury
Internal Revenue Service

Casualties and Thefts

► Information about Form 4684 and its separate instructions is at *www.irs.gov/form4684.*
► Attach to your tax return.
► Use a separate Form 4684 for each casualty or theft.

OMB No. 1545-0177
2014
Attachment Sequence No. 26

Name(s) shown on tax return | Identifying number

SECTION A—Personal Use Property (Use this section to report casualties and thefts of property **not** used in a trade or business or for income-producing purposes.)

1 Description of properties (show type, location, and date acquired for each property). Use a separate line for each property lost or damaged from the same casualty or theft.

Property **A**
Property **B**
Property **C**
Property **D**

		Properties A	Properties B	Properties C	Properties D
2 Cost or other basis of each property	2				
3 Insurance or other reimbursement (whether or not you filed a claim) (see instructions)	3				
Note: *If line 2 is* **more** *than line 3, skip line 4.*					
4 Gain from casualty or theft. If line 3 is **more** than line 2, enter the difference here and skip lines 5 through 9 for that column. See instructions if line 3 includes insurance or other reimbursement you did not claim, or you received payment for your loss in a later tax year	4				
5 Fair market value **before** casualty or theft	5				
6 Fair market value **after** casualty or theft	6				
7 Subtract line 6 from line 5	7				
8 Enter the **smaller** of line 2 or line 7	8				
9 Subtract line 3 from line 8. If zero or less, enter -0-	9				

10 Casualty or theft loss. Add the amounts on line 9 in columns A through D	10	
11 Enter the **smaller** of line 10 or $100	11	
12 Subtract line 11 from line 10	12	
Caution: *Use only one Form 4684 for lines 13 through 18.*		
13 Add the amounts on line 12 of all Forms 4684	13	
14 Add the amounts on line 4 of all Forms 4684	14	
15 • If line 14 is **more** than line 13, enter the difference here and on Schedule D. **Do not** complete the rest of this section (see instructions). • If line 14 is **less** than line 13, enter -0- here and go to line 16. • If line 14 is **equal** to line 13, enter -0- here. **Do not** complete the rest of this section.	15	
16 If line 14 is **less** than line 13, enter the difference	16	
17 Enter 10% of your adjusted gross income from Form 1040, line 38, or Form 1040NR, line 37. Estates and trusts, see instructions	17	
18 Subtract line 17 from line 16. If zero or less, enter -0-. Also enter the result on Schedule A (Form 1040), line 20, or Form 1040NR, Schedule A, line 6. Estates and trusts, enter the result on the "Other deductions" line of your tax return	18	

For Paperwork Reduction Act Notice, see instructions. Cat. No. 12997O Form **4684** (2014)

Name(s) shown on tax return. Do not enter name and identifying number if shown on other side. | **Identifying number**

SECTION B—Business and Income-Producing Property

Part I Casualty or Theft Gain or Loss (Use a separate Part I for each casualty or theft.)

19 Description of properties (show type, location, and date acquired for each property). Use a separate line for each property lost or damaged from the same casualty or theft. **See instructions if claiming a loss due to a Ponzi-type investment scheme and Section C is not completed.**

Property **A**
Property **B**
Property **C**
Property **D**

		Properties A	Properties B	Properties C	Properties D
20 Cost or adjusted basis of each property	20				
21 Insurance or other reimbursement (whether or not you filed a claim). See the instructions for line 3	21				
Note: *If line 20 is* **more** *than line 21, skip line 22.*					
22 Gain from casualty or theft. If line 21 is **more** than line 20, enter the difference here and on line 29 or line 34, column (c), except as provided in the instructions for line 33. Also, skip lines 23 through 27 for that column. See the instructions for line 4 if line 21 includes insurance or other reimbursement you did not claim, or you received payment for your loss in a later tax year	22				
23 Fair market value **before** casualty or theft	23				
24 Fair market value **after** casualty or theft	24				
25 Subtract line 24 from line 23	25				
26 Enter the **smaller** of line 20 or line 25	26				
Note: *If the property was totally destroyed by casualty or lost from theft, enter on line 26 the amount from line 20.*					
27 Subtract line 21 from line 26. If zero or less, enter -0-	27				

28 Casualty or theft loss. Add the amounts on line 27. Enter the total here and on line 29 **or** line 34 (see instructions) | 28 |

Part II Summary of Gains and Losses (from separate Parts I)

	(a) Identify casualty or theft		(b) Losses from casualties or thefts (i) Trade, business, rental or royalty property	(ii) Income-producing and employee property	(c) Gains from casualties or thefts includible in income
	Casualty or Theft of Property Held One Year or Less				
29			( )	( )	
			( )	( )	
30	Totals. Add the amounts on line 29	30	( )	( )	
31	Combine line 30, columns (b)(i) and (c). Enter the net gain or (loss) here and on Form 4797, line 14. If Form 4797 is not otherwise required, see instructions	31			
32	Enter the amount from line 30, column (b)(ii) here. Individuals, enter the amount from income-producing property on Schedule A (Form 1040), line 28, or Form 1040NR, Schedule A, line 14, and enter the amount from property used as an employee on Schedule A (Form 1040), line 23, or Form 1040NR, Schedule A, line 9. Estates and trusts, partnerships, and S corporations, see instructions	32			
	Casualty or Theft of Property Held More Than One Year				
33	Casualty or theft gains from Form 4797, line 32	33			
34			( )	( )	
			( )	( )	
35	Total losses. Add amounts on line 34, columns (b)(i) and (b)(ii)	35	( )	( )	
36	Total gains. Add lines 33 and 34, column (c)	36			
37	Add amounts on line 35, columns (b)(i) and (b)(ii)	37			
38	If the loss on line 37 is **more** than the gain on line 36:				
a	Combine line 35, column (b)(i) and line 36, and enter the net gain or (loss) here. Partnerships (except electing large partnerships) and S corporations, see the note below. All others, enter this amount on Form 4797, line 14. If Form 4797 is not otherwise required, see instructions	38a			
b	Enter the amount from line 35, column (b)(ii) here. Individuals, enter the amount from income-producing property on Schedule A (Form 1040), line 28, or Form 1040NR, Schedule A, line 14, and enter the amount from property used as an employee on Schedule A (Form 1040), line 23, or Form 1040NR, Schedule A, line 9. Estates and trusts, enter on the "Other deductions" line of your tax return. Partnerships (except electing large partnerships) and S corporations, see the note below. Electing large partnerships, enter on Form 1065-B, Part II, line 11	38b			
39	If the loss on line 37 is **less** than or **equal** to the gain on line 36, combine lines 36 and 37 and enter here. Partnerships (except electing large partnerships), see the note below. All others, enter this amount on Form 4797, line 3	39			

Note: *Partnerships, enter the amount from line 38a, 38b, or line 39 on Form 1065, Schedule K, line 11. S corporations, enter the amount from line 38a or 38b on Form 1120S, Schedule K, line 10.*

Form 4684 (2014) Page **3**

Name(s) shown on tax return	**Identifying number**

SECTION C—Theft Loss Deduction for Ponzi-Type Investment Scheme Using the Procedures in Revenue Procedure 2009-20 (Complete this section in lieu of Appendix A in Revenue Procedure 2009-20. See instructions.)

Part I **Computation of Deduction**

40	Initial investment	**40**		
41	Subsequent investments (see instructions)	**41**		
42	Income reported on your tax returns for tax years prior to the discovery year (see instructions)	**42**		
43	Add lines 40, 41, and 42	**43**		
44	Withdrawals for all years (see instructions)	**44**		
45	Subtract line 44 from line 43. This is your total qualified investment	**45**		
46	Enter .95 (95%) if you have no potential third-party recovery. Enter .75 (75%) if you have potential third-party recovery	**46**	.	
47	Multiply line 46 by line 45	**47**		
48	Actual recovery	**48**		
49	Potential insurance/Securities Investor Protection Corporation (SIPC) recovery	**49**		
50	Add lines 48 and 49. This is your total recovery	**50**		
51	Subtract line 50 from line 47. This is your deductible theft loss. Include this amount on line 28 of Section B, Part I. Do not complete lines 19-27 for this loss. Then complete Section B, Part II	**51**		

Part II **Required Statements and Declarations** (See instructions.)

- I am claiming a theft loss deduction pursuant to Revenue Procedure 2009-20 from a specified fraudulent arrangement conducted by the following individual or entity.

  Name of individual or entity ______________________

  Taxpayer identification number (if known) ______________________

  Address ______________________
- I have written documentation to support the amounts reported in Part I of this Section C.
- I am a qualified investor as defined in section 4.03 of Revenue Procedure 2009-20.
- If I have determined the amount of my theft loss deduction using .95 on line 46 above, I declare that I have not pursued and do not intend to pursue any potential third-party recovery, as that term is defined in section 4.10 of Revenue Procedure 2009-20.
- I agree to comply with the conditions and agreements set forth in Revenue Procedure 2009-20 and this Section C.
- If I have already filed a return or amended return that does not satisfy the conditions in section 6.02 of Revenue Procedure 2009-20, I agree to all adjustments or actions that are necessary to comply with those conditions. The tax year(s) for which I filed the return(s) or amended return(s) and the date(s) on which they were filed are as follows:

Form **4684** (2014)

2014

Instructions for Form 4684

Department of the Treasury
Internal Revenue Service

Casualties and Thefts

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Future Developments

For the latest information about developments related to Form 4684 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/form4684.

Purpose of Form

Use Form 4684 to report gains and losses from casualties and thefts. Attach Form 4684 to your tax return.

Losses You Can Deduct

You can deduct losses of property from fire, storm, shipwreck, or other casualty, or theft (for example, larceny, embezzlement, robbery, and Ponzi-type investment schemes). See Pub. 547, Casualties, Disasters, and Thefts, for more examples.

If your property is covered by insurance, you must file a timely insurance claim for reimbursement of your loss. Otherwise, you cannot deduct the loss as a casualty or theft loss. However, the part of the loss that is not covered by insurance is still deductible.

Related expenses. The related expenses you have due to a casualty or theft, such as expenses for the treatment of personal injuries or for the rental of a car, are not deductible as casualty or theft losses.

Costs for protection against future casualties are not deductible but should be capitalized as permanent improvements. An example would be the cost of a levee to stop flooding.

Losses You Cannot Deduct

- Money or property misplaced or lost may not be deducted as a theft loss.
- Breakage of china, glassware, furniture, and similar items under normal conditions.
- Progressive damage to property (buildings, clothes, trees, etc.) caused by termites, moths, other insects, or disease.
- A decline in market value of stock, caused by disclosure of accounting or other illegal misconduct by the officers or directors of the corporation that issues the stock, that was acquired on the open market for investment. You may be able to deduct it as a capital loss on Schedule D (Form 1040) if the stock is sold or exchanged or becomes completely worthless. See chapter 4 of Pub. 550, Investment Income and Expenses.

Note. Victims of fraudulent investment schemes can claim a theft loss deduction if certain conditions apply. See *Losses From Ponzi-Type Investment Schemes*, later, for more information.

Gain on Reimbursement

If the amount you receive in insurance or other reimbursement is more than the cost or other basis of the property, you have a gain. If you have a gain, you may have to pay tax on it, or you may be able to postpone the gain.

Do not report the gain on damaged, destroyed, or stolen property if you receive property that is similar or related to it in service or use. Your basis in the new property is the same as your basis in the old property.

Any tangible replacement property held for use in a trade or business is treated as similar or related in service or use to property held for use in a trade or business or for investment if:

- The property you are replacing was damaged or destroyed in a disaster, and
- The area in which the property was damaged or destroyed was declared by the President of the United States to warrant federal assistance because of that disaster.

Generally, you must recognize the gain if you receive unlike property or money as reimbursement. But you generally can choose to postpone all or part of the gain if, within 2 years of the end of the first tax year in which any part of the gain is realized, you purchase:

- Property similar or related in service or use to the damaged, destroyed, or stolen property, or
- A controlling interest (at least 80%) in a corporation owning such property.

The replacement period is 5 years, instead of 2 years, if the property was located in the Midwestern disaster areas (as defined in Pub. 4492-B, Information for Affected Taxpayers in the Midwestern Disaster Areas).(For details, see *Replacement Period* under *Figuring a Gain* in Pub. 547.)

To postpone all of the gain, the cost of the replacement property must be equal to or more than the reimbursement you received for your property. If the cost of the replacement property is less than the reimbursement received, you must recognize the gain to the extent the reimbursement exceeds the cost of the replacement property.

If the replacement property or stock is acquired from a related person, gain generally cannot be postponed by:

- Corporations (other than S corporations),
- Partnerships in which more than 50% of the capital or profits interest is owned by corporations (other than S corporations), or
- All other taxpayers, unless the aggregate realized gains on the involuntarily converted property are $100,000 or less for the tax year. This rule applies to partnerships and S corporations at both the entity and partner or shareholder level.

For details on how to postpone the gain, see *Postponement of Gain* under *Figuring a Gain* in Pub. 547.

If your main home was located in a disaster area and that home or any of its contents were damaged or destroyed due to the disaster, special rules apply. See *Gains Realized on Homes in Disaster Areas*, later.

When To Deduct a Loss

Deduct the part of your casualty or theft loss that is not reimbursable in the tax year the casualty occurred or the theft was discovered. However, a disaster loss and a loss from deposits in insolvent or bankrupt financial institutions may be treated differently. See *Disaster Losses* and *Special Treatment for Losses on Deposits in Insolvent or Bankrupt Financial Institutions*, later.

If you are not sure whether part of your casualty or theft loss will be reimbursed, do not deduct that part until the tax year when you become reasonably certain that it will not be reimbursed.

If you are reimbursed for a loss you deducted in an earlier year, include the reimbursement in your income in the year you received it, but only to the extent the deduction reduced your tax in an earlier year.

See *Lessee's loss* in Pub. 547 for special rules on when to deduct losses from casualties and thefts to leased property.

Disaster Losses

A disaster loss is a loss that occurred in an area determined by the President of the United States to warrant federal disaster assistance. It includes a major disaster or emergency declaration. A list of areas warranting public or individual assistance (or both) is available at the Federal Emergency Management Agency (FEMA) website at www.fema.gov.

If you have a casualty loss from a disaster that occurred in an area warranting public or individual assistance (or both), you can elect to deduct the loss in the tax year immediately before the tax year in which the disaster

Casualty Losses cont.

- Death of trees and seedlings from drought generally not qualified as a casualty loss.

How to calculate a Casualty Loss

- For smaller tracts, where all the timber is damaged, multiply the Adjusted Depletion rate of the timber times the lost timber volume. Larger SIP's use the change in Fair Market Value FMV before and after the casualty. **Both approaches are subject to the adjusted basis limitation!**
- Field Directive on Timber Casualty Losses -- April 2004.

Example

- Land and Timber Purchased 1980 - 100 acres @ $ 300 acre Total Cost $ 30,000

- Allocate Land $ 20/acre -- Total land value $ 2,000
- Allocate Improvements such as Roads $ 5/acre -- Total Improvement value $ 500
- Merch. Timber PP & DF @ 5Mbf/ac $ 55/Mbf Total Timber value $ 27,500

- Allocate Premerchantable timber $ 0/acre
- Allocate Reproduction $ 0/acre
- Assume 3% growth for 35 years for example Total Harvest Volume is 10 Mbf/ac

Change in Fair Market Value

- 2015 FMV **Before** fire value

  10 Mbf @ $ 250/Mbf x 100 acres =

  $ 250,000
- 2015 FMV **After** fire value

  10 Mbf @ $ 110/Mbf x 100 acres =

  $ 110,000

Tentative Loss Based on Difference in Fair Market Value Before and After Fire

Before Value less **After** Value $ 140,000.

Loss is limited by the Lower of Adjusted Basis **or** Difference in Fair Market Value **=**

$ 27,500

with no loss for any reproduction or premerchantable timber.

Assuming Salvage of Timber

- Sale of Delivered Logs IRC § 631(a)

  Harvest 1,000 Mbf at $ 110/Mbf stumpage
  Net sale Income = $ 110,000
  Potential Capital Gain $ 110,000 – Timber Basis $ 27,500 = $ 82,500
- Potential Capital Gains marginal rate = 15% versus Potential Ordinary income marginal rate = 25% Potential Tax Difference = $ 8,250

- FMV January 1, 2015 $ 230/Mbf
- FMV October 1, 2015 $ 150/Mbf

- Ordinary Income Loss

  10 Mbf @$ 80/Mbf x 100 acres

  = $ 80,000

Process is slightly different if selling stumpage with the mill responsible for harvesting.

Involuntary Conversion IRC § 1033

- Purpose: to permit a taxpayer to avoid paying gain on property that is disposed of involuntarily.
- An involuntary conversion occurs when property is destroyed, stolen, or condemned for public use. Destruction is often synonymous with a casualty such as a fire or wind storm but it need not be sudden.

Involuntary Conversion cont.

- Allows for reinvestment of income generally within a 2 year time period.
- Replacement property must be similar in nature
  - Reforestation on timberland owned by the taxpayer
  - Buying additional land for replanting
  - Acquisition of standing timber
  - Acquisition of timberlands

Reforestation

IRC § 194(3) defines reforestation costs to include site preparation costs, seedling costs and labor and tool expense.

Treas. Reg. 1.611-3(a) and Revenue Ruling 75-467 reforestation costs are to be capitalized.

However, beginning in the fall 2004, IRC § 194(b) generally permits a deduction of up to $ 10,000 for reforestation expenses per Qualified Timber Property (QTP).

Reforestation cont.

- Additional reforestation expenditures generally amortizable over 7 years (84 months) under IRC § 194(a)
- What is a QTP? Property ≥ 1 acre used for growing production of timber products under IRC § 194(c)(1) &Treas. Reg. § 1.194-3(a).
- Does not include ornamental trees including Christmas trees.
- Must make a timely election.

Reforestation cont.

- Cost share payments are not includable for purposes of IRC § 194 unless included in gross income. IRC § 194(c)(3)(B)
- Must keep data to track the location and costs of each plantation.

Cost Share Payments

- Treatment of Cost Share payments under programs like CFIP, EQIP, WHIP are generally includable as gross income under provisions of IRC § 126 and Treas. Reg. § 16A.126-1.
- A portion of the income can be excluded under the provisions of Treas. Reg. § 16A.126-1 and 2.

Other Things to Remember

- When you do have a timber sale, you are allowed to deduct the direct timber sale expenses from the proceeds.
- The tax laws and regulations change – remember to stay current.

References & Resources

- www.irs.gov
- www.timbertax.org a good non-government site sponsored by USFS, Univ. Georgia, American Tree Farm System
- www.fs.fed.us/spf/coop USDA Forest Service tax publications
- Cooperative Extension Services

Agricultural Handbook 731

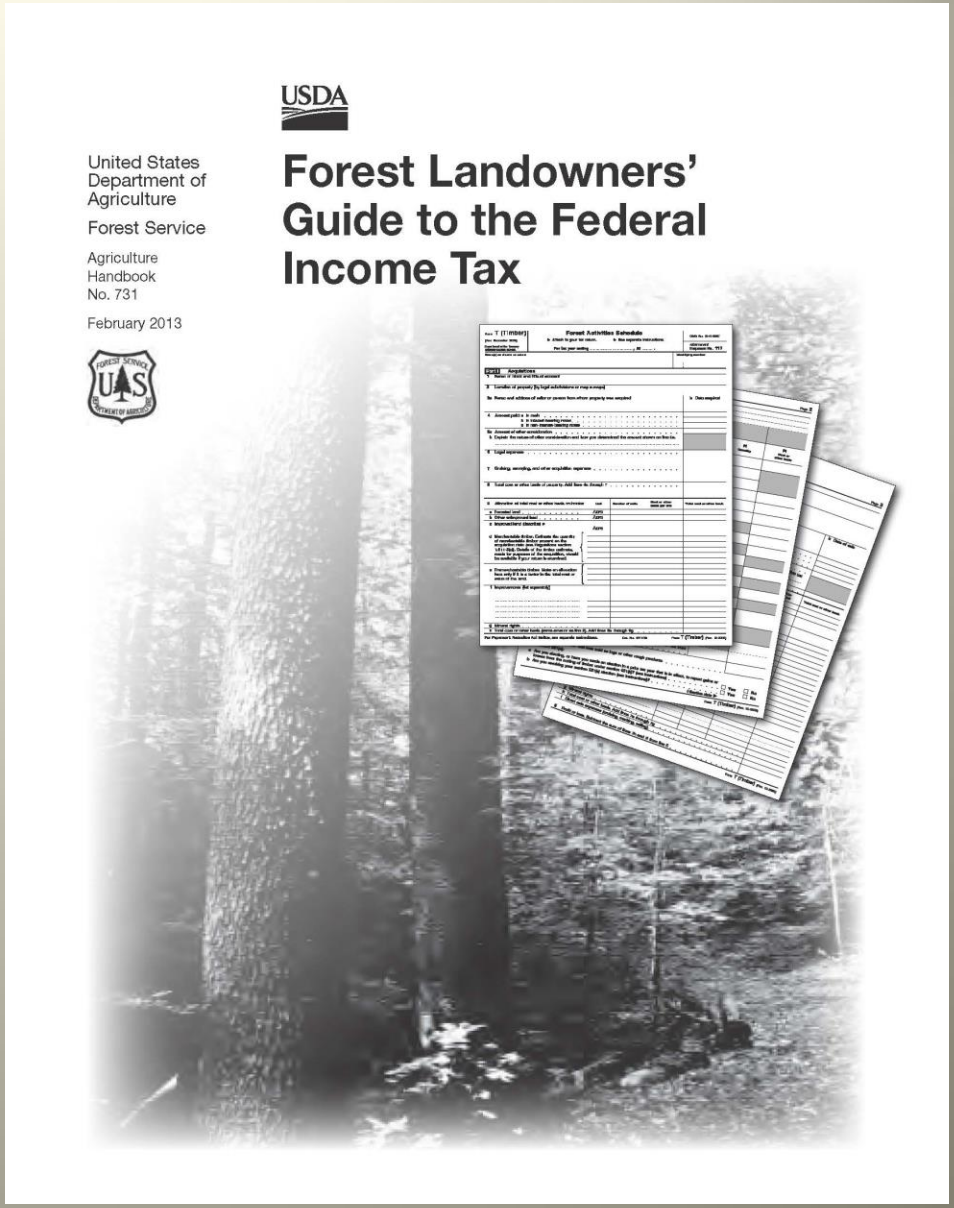
Forest Landowners'

Guide to the Federal

Income Tax

(February 2013)

Available from www.timbertax.org



- **Field Directive on Timber Casualty Losses**
- April 16, 2004 from Bobby E. Scott /s/ Bobby E. Scott Industry Director Natural Resources and Construction
- Exhibit A Timber Casualty Losses Audit Guideline
  Exhibit B Issue Paper on the Valuation of a Single Identifiable Property

Questions ?