

Taxes: IRS workers glad to assist victims

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IRS to help tornado victims

This will be a tax season like none other for many Oklahomans who were affected by last year's tornadoes. Many may be eligible for tax deductions or refunds for the losses they incurred.

The question is, how do you find out whether you're eligible? One way is by calling the Internal Revenue Service, 800-828-1040.

"We will be glad to directly assist tornado victims at our office," said David Stell, the public affairs officer for the Internal Revenue Service's Arkansas-Oklahoma district. "Our job is to be of service to the taxpayers of the country. If people have questions, we want to help them answer those questions."

The IRS offices are at 28 N. Robinson in downtown Okla-

homa City at the corner of Main and Robinson.

The IRS will be open extended hours. The normal business hours are 8 a.m. to 4:30 p.m. Monday through Friday. The offices will be open until 8:30 p.m. Tuesdays and Thursdays. They also will be open from 8:30 a.m. to 1:30 p.m. Saturdays. The extended hours last until April 15.

"We also have a Web site (www.irs.gov) that has all kinds of information," Stell said. "I have my tax form or publication you need. You can read the publication online or download it and print it out."

One specific document to look for is publication No. 284, an Oklahoma City brochure.

"It's called a disaster losses kit," said Joshua Janson, who operates his own accounting firm at Nichols Hills Plaza.

"It's a huge deal that runs through for

Tornado tax break?

Are you eligible for a tax deduction as a result of storm-related property damage? Go through these steps to find out. If you may be eligible:

1. What did you pay for your property? (Example: \$100,000.)
2. What was the fair market value of your property just prior to the loss? (Example: \$120,000.)
3. How much did your insurance company pay you? (Example: \$30,000.)
4. Determine the smaller number from (1) and (2). In this example, it's \$100,000. Subtract the insurance proceeds from that number. (Example: \$100,000 - \$30,000.)
5. If your insurance proceeds were less than the value of category 3 or 4, you may be entitled to a refund. If, for example, your insurance is \$10,000, in this case, you may be entitled to a refund for a portion of that \$10,000.

businesses and personal losses on everything you need to know in regard to what you're allowed to include and how you determine values.

"It includes all the forms you need to amend your return. Some tornado victims may have lost their records, and this gives you ready good ideas on how to recreate your paper records."

Stell said if the disaster losses kit isn't available in the Oklahoma City offices, pick up publi-

cations 501 and 504. The disaster kit is a compilation of those two publications, he said.

There's something else tornado victims should be aware of, Janson said. Many places were declared disaster areas by President Clinton. That's significant for tax purposes, because victims can claim their losses on their 1998 taxes in their 1999 taxes.

"People need to compare," Janson said. "They shouldn't just go out and claim this on

98. They should also look and see what would be the net savings if they claim it on '99."

"The way the law reads on that is in a presidentially declared disaster area, the victims have the option of either claiming that as the year of the disaster or the year immediately preceding the disaster."

There are many factors involved in determining the eligibility for deductions and refunds. If you were affected by the storms, it may be worth your time to make a phone call to the IRS or an accountant.

Tax tips

There weren't significant changes in the tax year in 1999, said Lee Stearns of R&R Block Premium in Oklahoma City. But there were a lot of changes in 1998, and people still might not know about them, she said.

Some of those changes include tax breaks for education expenses. The 1996 credit is a tax break for people paying tuition for students who are either freshmen or soph-

omores in college.

The Lifetime Learning Credit is for people who are juniors or seniors in college. It also includes people who may be continuing their education, whether at a school, a university or elsewhere.

"The Lifetime credit is also for people who are improving their job skills," Stearns said.

Another deduction that can be claimed is uncollectible debt, Janson said.

"Bad debt is a deductible loss even if it's on the personal level," Janson said.

"A lot of people may think, 'I'm not a bank, this isn't what I do for a business... but I've never heard of \$1,000.' That's a real good deduction a lot of people don't know about is taking your bad debt losses."

Beware of red flags

The IRS will be your friend before April 15, but if you've made a mistake on your tax forms, it might not be so friendly.

There are certain things that increase

your chances of being audited, Janson said.

Among them include excessive and sporadic deductions, he said. "You make \$20,000 a year but you have \$10,000 in deductions."

Another thing that could catch the attention of the IRS is not including social security numbers or including incorrect social security numbers.

"When they re-

view these things, they find errors," Janson said. "These are areas where taxpayers make quite a lot of errors. If you don't include social security numbers, or it's wrong, they don't give you the deduction."

"Someone says, 'Well my mom lived with me for two months, so I'm going to claim her as a dependent. I don't know her social security number, they'll

never know' - they will. You'll get a resume back this."

And the response won't be modest. "This could get you into trouble if you owe money, cause we're not lowering this debt."

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