

Federal Tax Benefits for Deteriorating Concrete Foundations Caused by the Mineral Pyrrhotite

Revenue Procedure 2017-60

Provides guidance to individuals regarding the federal income tax treatment of amounts paid to repair damage to their personal residences resulting from deteriorating concrete foundations caused by the presence of the mineral pyrrhotite.

Revenue Procedure 2018-14

Extends the time for individuals to pay to repair damage to their personal residences resulting from deteriorating concrete foundations caused by the presence of the mineral pyrrhotite.

Net Operating Loss (NOL) Treatment

Casualty loss deductions that qualify for the safe harbor under Revenue Procedures 2017-60 and 2018-14 are treated as trade or business deductions and can create or increase a taxpayer's NOL. A taxpayer can carry these NOLs back 2 years and forward 20 years, and the NOLs can offset 100 percent of the taxpayer's taxable income in the carryback or carryover years. Any NOLs from casualty losses meeting the requirements of Revenue Procedures 2017-60 and 2018-14 are treated as arising either in or before the 2017 taxable year. Thus, the TCJA amendments that affect casualty losses and NOLs starting in the 2018 tax year, do not affect these NOLs.