

Louisiana: Bulletins address tax questions about recent flood disaster



David M. Kall | Thursday, September 1, 2016

Southern Louisiana has been crippled by historical, unexpected floods. According to [ABCNews](#), more than 2,600 people remained in shelters nearly two weeks after Gov. John Bel Edwards [declared](#) a state of emergency on August 12. In addition, during this time:

- 24 schools districts were closed at some point
- Flooding damaged 60,646 homes
- 30,000 people were rescued
- 3,300 pets were rescued
- 40 state highways were closed
- 110,509 people registered for assistance from the Federal Emergency Management Agency (FEMA)
- FEMA inspected 3,100 homes
- 25,636 National Flood Insurance Program claims were filed
- \$55 million of Homeowner Assistance was approved

Taylor Swift, for one, was so moved by the plight of the victims that she donated [\\$1 million](#) on Aug. 16, 2016. This is how she explained it:

We began The 1989 World Tour in Louisiana, and the wonderful fans there made us feel completely at home. The fact that so many people in Louisiana have been forced out of their

own homes this week is heartbreaking. I encourage those who can to help out and send your love and prayers their way during this devastating time.

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The popular singer is not the only generous donor, which has created the need for the Louisiana Department of Revenue to issue a [Revenue Information Bulletin 16-048](#) answering questions related to disaster recovery efforts, including the taxability of donations for the benefit of flood victims.

FAQs include:

ARE DONATIONS TO GOFUNDME OR OTHER CROWDFUNDING WEBSITES TAX DEDUCTIBLE?

These kinds of donations may be deductible if the beneficiary is a qualified organization. Generally, if the IRS has granted the recipient organization non-profit status, the donation is deductible. Qualified organizations include religious organizations, nonprofit charitable organizations, nonprofit educational organizations, and other similar nonprofit organizations granted tax exempt status by the IRS. If the donation is for the benefit of an individual or nonqualified organization, the donation is not deductible for tax purposes.

While Louisiana does not impose a gift tax on donations, the federal government does. The bulletin cautions donors that they may be subject to federal rules, such as the filing of a Federal Gift Tax return, and payment of the federal gift tax.

WILL THE RECIPIENTS OF GOFUNDME OR OTHER CROWDFUNDING MONIES BE TAXED ON THOSE RECEIPTS?

Probably not, but the IRS has not issued any specific guidance on this subject as of yet.

ARE DONATIONS OF SERVICES OR TIME, OR EXPENSES ASSOCIATED WITH THESE KINDS OF DONATION, TAX DEDUCTIBLE?

One cannot deduct the value of time or services, or the value of income lost while working as an unpaid volunteer. However, under certain conditions, one may be able to deduct some out of pocket expenses if those expenses are unreimbursed, directly connected with the donated services, incurred because of the services given, and not personal, living, or family expenses, and if the expenses were incurred while giving services to a qualified charitable organization.

ARE EXPENSES LIKE ELECTRICITY AND FOOD DEDUCTIBLE DURING THAT TIME THAT ONE PROVIDED LIVING SPACE AND MEALS IN ONE’S HOME FOR A DISPLACED FAMILY?

No.

IS THE VALUE OF DONATIONS OF FOOD, CLOTHING, HOUSEHOLD GOODS OR THE LIKE TAX DEDUCTIBLE?

Generally, yes, if the donations were made to a qualified organization.

ARE FEDERAL MITIGATION PAYMENTS (QUALIFIED DISASTER RELIEF PAYMENTS), OR INDIVIDUAL AND HOUSEHOLD PROGRAM PAYMENTS TAXABLE?

No, because they are not considered to be income.

The [Office of the Governor](#) continues to provide numerous other resources to assist impacted Louisiana residents, and those who want to help.

Sales tax relief for victims

[Revenue Information Bulletin No. 16-049](#) informs state taxpayers that they may be eligible for reimbursement of state sales taxes paid on personal tangible property used in or around a person’s home, apartment, or homestead located in Louisiana, when such property was destroyed in a natural disaster.

In order to be eligible, these conditions must be satisfied:

- The loss was suffered by a Louisiana taxpayer on tangible personal property used in or around the individual’s home, apartment, or homestead which is located in an area of Louisiana subsequently determined by the president to warrant federal assistance due to a natural disaster.
- The claimant suffering the loss must be the owner of the tangible personal property who paid Louisiana state sales tax on the purchase of the property.
- The destroyed tangible personal property must have been movable at the time of its purchase and at the time of its destruction. Examples include clothing, furniture, recreational equipment used at home, and appliances that are not permanently attached to a house or building.

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The refund amount will be equal to the state sales taxes paid on the original purchase of the destroyed property, and not on the purchase of replacement property. A refund will not be issued on the portion of the loss that was reimbursed by insurance, disaster relief funds, or any other source.

All claims must be filed on or before December 31 of the third calendar year following the calendar year in which the property was destroyed.

Items not eligible include the following:

- Property owned by corporations, partnerships, or any type of business
- Business losses suffered by individuals
- Gifts of tangible personal property
- Immovable property, such as a house or building, heating and cooling systems, lighting fixtures, lavatories, hot tubs, spas, and wall-to-wall carpeting
- Cars, trucks, motorcycles, boats, boat trailers, factory built homes, all-terrain vehicles, and other vehicles, water and snow skis, golf and tennis equipment, and other recreational equipment

The department provides other information in Revenue Information Bulletin No. 16-049, such as how to file a claim and additional resources.



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[Team member bio](#)