

26 CFR 601.105: Examination of returns and claims for refund, credit or abatement; determination of correct tax liability.
(Also Part 1, §§ 165; 1.165-7(a)(2); 1.165-7(b).)

Rev. Proc. 2018-14

SECTION 1. PURPOSE

This revenue procedure modifies Rev. Proc. 2017-60, 2017-50 I.R.B. 559, to extend 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.

SECTION 2. BACKGROUND

.01 Revenue Procedure 2017-60 provides a safe harbor method that allows a taxpayer who pays to repair damage to that taxpayer's personal residence resulting from a deteriorating concrete foundation that contains the mineral pyrrhotite to treat the amount paid as a casualty loss in the year of payment.

.02 The safe harbor is available to a taxpayer who has obtained a written evaluation from a licensed engineer indicating that the foundation was made with defective concrete, and has requested and received a reassessment report that shows the reduced reassessed value of the residential property based on the written evaluation from the engineer and an inspection pursuant to Connecticut Public Act No.

16-45. The safe harbor also is available to a taxpayer whose personal residence is either in Connecticut or outside of Connecticut, provided the taxpayer has obtained a written evaluation from a licensed engineer indicating that the foundation was made with defective concrete containing the mineral pyrrhotite.

03. To claim a casualty loss under the safe harbor in Rev. Proc. 2017-60, a taxpayer generally must have paid to repair damage caused by a deteriorating concrete foundation before January 1, 2018.

04. In view of the unique hardships caused by the extensive repairs necessary to remedy the deteriorating concrete foundations and the comments received expressing concern that taxpayers need additional time to make the repairs, the Department of the Treasury and the Internal Revenue Service have determined that it is appropriate to modify the safe harbor in Rev. Proc. 2017-60 to extend the time for individual taxpayers to pay to repair the damage to their personal residences.

SECTION 3. MODIFICATION TO REV. PROC. 2017-60

Section 4.01 of Rev. Proc. 2017-60, is modified and as modified, this section reads in its entirety as follows:

.01 If a taxpayer pays to repair damage to that taxpayer's personal residence caused by a deteriorating concrete foundation during the taxpayer's 2016 taxable year or earlier, the taxpayer may treat the amount paid as a casualty loss on a timely Amended U.S. Individual Income Tax Return (Form 1040X) for the taxable year of payment. If a taxpayer pays to repair the damage during the taxpayer's 2017 taxable year or prior to a timely filed (including extensions) original U.S. Individual Income Tax

Return (Form 1040, 1040A or 1040EZ) for the 2017 taxable year, the taxpayer may treat the amount paid as a casualty loss on the taxpayer's original 2017 income tax return (or a timely filed Form 1040X for the 2017 taxable year). If a taxpayer pays to repair the damage after filing an original 2017 income tax return and prior to the last day for filing a timely Form 1040X for the 2017 taxable year, the taxpayer may treat the amount paid as a casualty loss on a timely filed Form 1040X for the 2017 taxable year. For purposes of this revenue procedure, the term "deteriorating concrete foundation" means a concrete foundation that is damaged as a result of the presence of the mineral pyrrhotite in the concrete mixture used before January 1, 2018, in pouring the foundation. The safe harbor under this revenue procedure is available to a taxpayer who has obtained a written evaluation from a licensed engineer indicating that the foundation was made with defective concrete, and has requested and received a reassessment report that shows the reduced reassessed value of the residential property based on the written evaluation from the engineer and an inspection pursuant to Connecticut Public Act No. 16-45 (Act). The safe harbor also is available to a taxpayer whose personal residence is either in Connecticut or outside of Connecticut, provided the taxpayer has obtained a written evaluation from a licensed engineer indicating that the foundation was made with defective concrete containing the mineral pyrrhotite.

SECTION 4. EFFECTIVE DATE

This modification in this revenue procedure will be treated as in effect as of the effective date of Rev. Proc. 2017-60, which is for federal income tax returns (including

amended federal income tax returns) filed after November 21, 2017.

SECTION 5. EFFECT ON OTHER DOCUMENTS

Rev. Proc. 2017-60 is modified.

SECTION 6. DRAFTING INFORMATION

The principal author of this revenue procedure is Susie K. Bird of the Office of Associate Chief Counsel (Income Tax & Accounting). For further information regarding this revenue procedure contact Susie K. Bird on (202) 317-5100 (not a toll free call).