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The JI tells it like it is. Somebody has to.

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VERNON

New Wendy's
on Route 83
almost ready
to open **PAGE 4**

BUSINESS

United Bank's
earnings stay
on even keel

Foundation repair relief

Homeowners who made concrete fixes can deduct cost over 20 years

By Eric Bedner

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Some homeowners who already replaced their crumbling foundations will be able to deduct their taxable income for the previous two years and 20 years into the future, enabling them to recoup all of the money

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they spent, U.S. Reps. Joseph D. Courtney and John B. Larson announced Tuesday.

If taxpayers' net operating loss exceeds their tax liability under their casualty loss deduction, they will be able to claim 100 per-

cent of the liability. This comes despite the new tax law limiting claims to 80 percent.

The IRS also will allow taxpayers with a net operating loss to "carry back" their losses for two years, a provision that also was eliminated under the Republican tax law.

Courtney and Larson, both Democrats,

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said the IRS announcement will have significant implications for middle-class homeowners whose repair costs exceed their annual income.

"We are grateful for the continued attention of the IRS and Treasury Department to this crisis in Connecticut, and the support they have provided today to homeowners struggling with the damage cause by crumbling foundations," the congressmen said in a joint statement.

Tuesday's announcement is "great news for Connecticut homeowners," who are in a "god-awful situation," Larson said.

The announcement is particularly positive for those who replaced their foundations in 2015, 2016, or 2017 because they will be able to re-file their tax returns for the previous two taxable years.

Taxpayers also will be able to claim the property casualty loss deduction for up to 20 years, spreading the loss over a longer period of time.

As long as people paid for their repairs before Jan. 1, 2018, when the federal tax overhaul went into effect and largely eliminated the property casualty loss deduction, they can claim the loss, Courtney said.

Because the cost of repairing a foundation is so high — sometimes exceeding \$200,000 — using the deduction in a single year has less value to less wealthy people.

Courtney said he is aware of a Vernon resident who got back \$30,000 last year.

"This has value, there is no question about it," he said, adding there

is a large number of older homeowners who weren't aware of the issues with their foundations until later in life.

Their tax rate, which determines the amount of a deduction, is not at peak level, and a one-year deduction would not go far.

Being able to spread the deduction over 20 years, Courtney said, will put money back in people's pockets.

Ellington lawyer Brenda Draghi, who has been working on behalf of affected homeowners for years, said she identified several tax issues early on, expressed her concerns to Courtney, and "he ran with the ball."

"This is a very big step forward," she said.

The IRS announcement comes in response to continued efforts by Courtney and Larson, as well as a Sept. 20 letter from Bonnie Stewart, executive director of the Connecticut Society of Certified Public Accountants.

Stewart urged support from the IRS, writing that in most cases, the cost of repairing a crumbling foundation far exceeds the amount of taxes a homeowner would pay in a given year, preventing them from deducting the total amount of the crumbling foundation casualty loss.

Even though the Republican tax policy eliminated casualty loss deductions for all situations except for presidentially declared disasters, Courtney and Larson were able to work with the Trump administration to enable homeowners with crumbling foundations to take a deduction for their foundation repairs.

Homeowners are advised to consult with a qualified tax preparer to see if they qualify for the deduction.



Susan Haigh / Associated P

Nuggets of the mineral pyrrhotite, right, are seen next to a chunk of crumbling concrete at a home afflicted with a failing foundation in Willington. The mineral which causes concrete to crack and crumble, has been traced to a Willington quarry that provided material to a concrete maker whose product was used in foundations of thousands of homes in Connecticut and western Massachusetts