

Bill Aims To 'Keep Clock Running' On Crumbling Foundation Credit

U.S. Reps. Joe Courtney and John Larson are trying to extend deadlines for crumbling foundation tax credits.



Two federal lawmakers are trying to extend deadlines for crumbling foundation tax credits. (Chris Dehnel/Patch)

HARTFORD/TOLLAND COUNTY — U.S. Reps Joe Courtney (CT-02) and John Larson (CT-01) said Thursday they have introduced the "Tax Assistance for Crumbling Foundations Act," a bill that would provide "new support" to Connecticut homeowners impacted by the crumbling foundation crisis.

The Courtney-Larson's bill would provide "significant federal tax assistance" to homeowners with crumbling foundations by restoring and extending the federal casualty loss tax deduction for crumbling foundations repair costs.

Without legislative action, the deadline for taxpayers to take advantage of this federal tax assistance is April 15, Courtney said.

Specifically, the Tax Assistance for Crumbling Foundations Act would:

- Repeal the Tax Cuts and Jobs Act Stafford Act Presidential disaster requirement, and would make benefits retroactive to Dec. 31, 2017
- Extend the casualty loss deduction statute of limitations, allowing taxpayers to have an additional year to file their amended 2017 return

- And require the Treasury Department to issue additional regulations consistent with the first Revenue Procedure (2017-60), which provides safe harbor to crumbling foundations repairs for the casualty loss deduction

"Congressman Larson and I have worked together for years to help get homeowners and others in central and eastern Connecticut the support they need, and the Tax Assistance for Crumbling Foundations Act would help us take a big step forward," Courtney said. "Our new bill picks up where the 116th Congress left off. The Tax Assistance for Crumbling Foundations Act would keep the clock from running out on homeowners who wish to receive federal tax assistance through the casualty loss tax deduction. This bill would be a huge step in the right direction for eastern Connecticut homeowners impacted by crumbling foundations and ensures that this federal assistance is available for years to come."

Added Larson,

"Rep. Courtney has been a tireless fighter for those with crumbling foundations and for the past several years, we have been working together to ensure this critical tax relief for homeowners experiencing crumbling foundations remains available. Through no fault of their own, many homeowners are now facing exorbitant costs to repair their crumbling foundations. Our bill builds upon our past work to ensure homeowners can continue take advantage of this critical tax benefit when they make repairs."

Courtney and Larson also [wrote to the IRS](#) requesting information about what documentation taxpayers must provide in order to submit a "protective claim" for casualty losses. Without legislative action, April 15 remains the deadline for those who wish to file a casualty loss deduction for crumbling foundations repairs to submit their paperwork to the IRS, according to Courtney. In the letter, Courtney and Larson alert the IRS to the policy changes that would be made under the Tax Assistance for Crumbling Foundations Act, and note that pending legislation — such as Courtney and Larson's newly introduced bill — could meet the IRS standards for an allowable protective claim. Courtney and Larson requested from the IRS in writing guidance and model language to help taxpayers file a protective claim prior to April 15, 2021, and asked for detailed information as to what documentation taxpayers would need in order to file a valid claim for their losses.

In the 116th Congress, [similar legislation introduced by Reps. Courtney and Larson was included as part of the Moving Forward Act \(H.R. 2\)](#), and passed the by the House of Representatives on July 1, 2020. The Senate, however,

never voted on the infrastructure package. Courtney and Larson's crumbling foundations provisions in H.R. 2 would have ensured that homeowners experiencing crumbling foundations due to pyrrhotite would be able to take the federal "casualty loss tax deduction" after making repairs to their homes for years in the future.

Homeowners should consult with a qualified tax preparer to see if they qualify for the casualty loss tax deduction, Courtney said.

Additionally, for homeowners who have received assistance from the Connecticut Foundations Solutions Indemnity Company, the IRS has clarified that certain costs not covered by CFSIC for home repairs may still qualify for the tax deduction, he added.

To read the letter from the IRS about the interaction between CFSIC and the casualty loss deduction, [click here](#).