



November 08, 2021

The Honorable John Kennedy
United States Senate
416 Russell Senate Building
Washington, DC 20510

Re: S. 3173, the Claiming Losses After Disasters Act

Dear Senator Kennedy:

The American Institute of CPAs (AICPA) commends your efforts to provide permanent and consistent tax relief to individuals and businesses affected by natural disasters. It is important to offer certainty to taxpayers who are victims of natural disasters and we appreciate your thoughtful leadership in finding ways to solve these difficult problems. Specifically, we support your goal – encapsulated in the *Claiming Losses After Disasters Act* ([S. 3173](#)) – to permanently provide disaster victims affected by a major federally-declared disaster additional tax relief for damages and losses not reimbursed by insurance.

Natural disasters such as hurricanes, floods, tornados, wildfires, and violent weather regularly affect the Nation at all times of the year, but our current system does not provide fair and reliable tax relief for disaster victims. For many years, the AICPA has urged Congress to enact permanent tax legislation that would take effect immediately when a declaration of a federal disaster occurs, rather than providing delayed tax relief through separate individual bills following each disaster. The AICPA developed [10 recommendations](#) to improve the patchwork situation that currently exists and also alleviate tax compliance burdens to disaster victims during these difficult times. Our proposals will help homeowners and business owners alike with the emotional, expensive, and often long process of recovery.

We appreciate the opportunity to provide our comments on *S. 3173*. Specifically, we offer our recommendation to waive the casualty loss floor of 10 percent of adjusted gross income (AGI) (section 165(h)(2))¹ as well as the \$100 per casualty floor limitation (section 165(h)(1)) for losses attributable to a disaster event. This simplification would extend adequate relief to affected disaster victims and streamline the casualty loss calculation.

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¹ All section references in this Appendix are to the Internal Revenue Code of 1986, as amended, or the Treasury regulations promulgated there under, unless otherwise specified.

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Page 2 of 2

The American Institute of CPAs (AICPA) is the world's largest member association representing the CPA profession, with more than 428,000 members in the United States and worldwide, and a history of serving the public interest since 1887. Our members advise clients on federal, state, and international tax matters and prepare income and other tax returns for millions of Americans. Our members provide services to individuals, not-for-profit organizations, small and medium-sized businesses, as well as America's largest businesses.

We appreciate your consideration of these comments and welcome the opportunity to discuss these issues further. If you have any questions, please feel free to contact Amy Miller, Senior Manager – AICPA Tax Policy & Advocacy, at Amy.Miller@aicpa-cima.com; Lauren Pfungstag, Director – AICPA Congressional and Political Affairs, at Lauren.Pfungstag@aicpa-cima.com; or me at JanLewis@HaddoxReid.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Jan Lewis". The signature is fluid and cursive, with the first name "Jan" and last name "Lewis" clearly distinguishable.

Jan F. Lewis, CPA
Chair, AICPA Tax Executive Committee