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Oct. 16, 2008

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Tax Relief for Those Impacted by Hurricane Ike

Prather Kalman explains options available

HOUSTON – “Taxpayers with casualty losses from Hurricane Ike have some planning options. First, Congress has waived the 10 percent deductible. Normally, a taxpayer’s casualty losses are deductible only to the extent that they exceed 10 percent of the taxpayer’s adjusted gross income (AGI). For example, if a taxpayer had an uninsured casualty loss from Ike of \$20,000 and adjusted gross income of \$150,000, he would have a \$5,000 deduction. The special rule allows a full \$20,000 deduction.

“Better still, a taxpayer can elect, prior to Jan. 5, 2009, to take the deduction in 2007, even though the loss was in 2008. Generally, it is in a taxpayer’s best interest to get the refund early, if possible. However, one should discuss whether they may be subject to alternative minimum tax in one of the two years, because the benefit will likely be better in the year without the alternative minimum tax.”

***Gail Prather, CPA
President, Prather Kalman P.C.***

About Prather Kalman P.C.

Prather Kalman P.C. is a Houston-based full-service accounting firm, performing general accounting, audit, tax planning and compliance services. The firm provides traditional services, including auditing/assurance, tax compliance and planning, and foreign taxation. Prather Kalman also offers consulting services, including exit planning for owners of privately owned businesses, employee stock ownership plan (ESOP) consulting, business valuation, mergers and acquisitions, and strategic business planning. Principals Gail Prather and Herbert Kalman established the firm on Sept. 1, 2007. For more information, call 713-461-1038.

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