



2025 Schedule M1CAT, Casualty and Theft

Do not complete Schedule M1CAT if you completed federal Form 4684 to report a net gain from a casualty or theft on your federal income tax return.

Your First Name and Initial Last Name Social Security Number

1 Description of properties, including the type, location, and date acquired for each property. Use a separate line for each property lost or damaged from the same casualty or theft event. You must file a separate Schedule M1CAT for each casualty or theft event involving personal property.

Property A

Property B

Property C

Property D

	Property A	Property B	Property C	Property D
2 Cost or other basis (see instructions) . . . . .				
3 Insurance or other reimbursement, whether or not you filed a claim (see instructions) <b>Note:</b> If line 2 is more than line 3, skip line 4 . . . . .				
4 Gain from casualty or theft. Subtract line 2 from line 3 and skip lines 5 through 9 for that column . . . . .				
5 Fair market value <b>before</b> casualty or theft. . . . .				
6 Fair market value <b>after</b> casualty or theft. . . . .				
7 Subtract line 6 from line 5 . . . . .				
8 Enter the smaller of line 2 or line 7 . . . . .				
9 Subtract line 3 from line 8. If zero or less, enter 0 . . . . .				
10 Casualty or theft loss. Add the amounts on line 9 for Properties A through D (see instructions if you are filing multiple schedules for the same event) . . . . .				
11 Enter \$100 . . . . .				\$100
12 See instructions before completing line 12. Subtract line 11 from line 10. If zero or less, enter 0. . . . .				
13 If you had one casualty or theft event, enter the amount from line 12 If you had more than one event, see instructions . . . . .				
14 Add the amounts on line 4 of all Schedules M1CAT you are filing . . . . .				
15 If line 14 is greater than or equal to line 13, enter the difference here. <b>STOP HERE</b> and see instructions. If line 14 is <b>less</b> than line 13, enter 0 here and continue to line 16. . . . .				
16 Add lines 14 and 15. . . . .				
17 Subtract line 16 from line 13 . . . . .				
18 Enter the amount from line 1 of Form M1 . . . . .				
19 Multiply line 18 by 10% (.10) . . . . .				
20 Subtract line 19 from line 17. If the result is zero or less, enter 0. Enter the result on line 19 of Schedule M1SA . . .				

# 2025 Schedule M1CAT Instructions

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## Purpose of Form

Use Schedule M1CAT, *Casualty and Theft*, to report gains and losses from casualties and thefts. Attach Schedule M1CAT along with Schedule M1SA, *Minnesota Itemized Deductions*, to your Minnesota income tax return.

If you completed federal Form 4684 due to a federally declared disaster area, use the information from your federal Form 4684 to complete Schedule M1CAT.

Do not complete Schedule M1CAT if you completed federal Form 4684 to report a net gain from a casualty or theft on your federal income tax return.

## Which losses are deductible?

You can deduct losses of property from fire, storm, shipwreck, other casualty, or theft (for example, larceny and robbery). For more examples, see IRS Publication 547.

If your property is covered by insurance, you may only deduct the part of your loss your insurance policy would not reimburse if a claim was filed timely.

**Related expenses.** You may not deduct expenses related to a casualty or theft, such as expenses for treatment of personal injuries or for a rental car.

Costs for protection against future casualties are not deductible but should be capitalized as permanent improvements. An example would be the cost of a levee to stop flooding.

## Which losses are not deductible?

Nondeductible losses may include:

- Money or property misplaced or lost
- Breakage of china, glassware, furniture, and similar items under normal conditions
- Progressive damage to property (buildings, clothes, trees, etc.) caused by mold, termites, moths, other insects, or disease
- A decline in market value of stock, caused by disclosure of accounting fraud or other illegal misconduct by the officers or directors of the corporation issuing the stock, acquired on the open market for investment
- Losses incurred from Ponzi schemes

## When should I deduct a loss?

Deduct the part of your casualty or theft loss that is not reimbursable in the tax year the casualty occurred or the theft was discovered.

If you are not sure whether part of your casualty or theft loss will be reimbursed, do not deduct that part until the tax year when you become reasonably certain it will not be reimbursed.

If you are reimbursed for a loss you deducted in an earlier year, include the reimbursement in your taxable income in the year you received it, but only to the extent the deduction reduced your taxable income in an earlier year.

## Personal Use Property

Use a separate column for lines 1 through 9 to show each item lost or damaged from a single casualty or theft event. If more than four items were lost or damaged, complete lines 1 through 9 of additional Schedules M1CAT for those items.

Complete a separate Schedule M1CAT through line 12 for each casualty or theft event involving property not used in a trade or business or for income-producing purposes. For example, complete a separate Schedule M1CAT through line 12 for property lost or damaged due to a fire, and another Schedule M1CAT for property lost or damaged due to a storm.

Do not include any loss previously deducted on an estate tax return.

If you are liable for casualty or theft losses to property leased from someone else, see **Leased property** under **Figuring a Loss** in IRS Publication 547.

## Line Instructions

### Line 1

Describe the type of property (for example, furniture, jewelry, car, etc.).

### Line 2

Cost or other basis usually means the original cost plus improvements. Subtract any postponed gain from the sale of a previous main home. Special rules apply to property received as a gift or inheritance. For details, see **Basis Other Than Cost** in IRS Publication 551.

### Line 3

Enter the amount of insurance or other reimbursement you received or expect to receive for each property. Include your insurance coverage whether or not you are filing a claim for reimbursement. For example, your car worth \$2,000 is totally destroyed in a collision, and you are insured with a \$500 deductible. You decide not to report the collision to your insurance company because you are concerned it will cancel your policy. In this case, enter \$1,500 on line 3.

If you expect to be reimbursed but have not yet received payment, you must still enter the expected reimbursement from the loss. If, in a later tax year, you become reasonably certain that you will not be reimbursed for all or part of the loss, you can deduct for that year the amount of the loss that is not reimbursed.

**Types of reimbursements.** Insurance is the most common way to be reimbursed for a casualty or theft loss. However, all of these are considered reimbursements:

- The part of a federal disaster loan forgiven that you do not need to pay back
- Repayment for any part of a loss from a person who leases your property
- Cost of repairs for a person who leases your property and must make repairs
- The amount you were able to collect for court-awarded damages for a casualty, theft, or loss, reduced by lawyers' fees and other necessary expenses
- Repairs, restoration, or cleanup services you accepted from relief agencies
- Payment from a bonding company for a theft loss

**Lump-sum reimbursement.** If you have a casualty or theft loss of several assets at the same time and you receive a lump-sum reimbursement, you must divide the amount you receive among the assets according to the fair market value of each asset at the time of the loss.

**Grants, gifts, and other payments.** Grants and other payments you receive to help you after a casualty are considered reimbursements only if you must use them specifically to repair or replace your property. Such payments will reduce your casualty loss deduction. If there are no conditions on how to use the money you receive, it is not a reimbursement.

#### Line 4

If you are entitled to an insurance payment or other reimbursement for any part of a casualty or theft loss, but you choose not to file a claim for the loss, you cannot realize a gain from that payment or reimbursement. Figure the gain on line 4 by subtracting your cost or other basis in the property (line 2) only from the amount of reimbursement you actually received. Enter the result on line 4, but do not enter less than zero.

#### Lines 5 and 6

Fair market value (FMV) is the price at which the property would be sold between a willing buyer and a willing seller, each having knowledge of the relevant facts. The difference between the FMV immediately before the casualty or theft and the FMV immediately after represents the decrease in FMV related to the casualty or theft. The FMV of property after a theft is zero if the property is not recovered.

FMV is generally determined by a competent appraisal. The appraiser's knowledge of sales of comparable property about the same time as the casualty or theft, knowledge of your property before and after the occurrence, and the methods of determining FMV are important elements in proving your loss.

The appraised value of property immediately after the casualty must be adjusted (increased) for the effects of any general market decline that may occur at the same time as the casualty or theft. For example, the value of all nearby property may become depressed because it is in an area where such occurrences are commonplace. This general decline in market value is not part of the property's decrease in FMV as a result of the casualty or theft.

Replacement cost or the cost of repairs is not necessarily FMV. You may be able to use the cost of repairs to the damaged property as evidence of loss in value if all of these apply:

- The repairs are actually made
- The repairs are necessary to restore the property to the condition it was in immediately before the casualty
- The amount spent for repairs is not excessive
- The repairs only correct the damage caused by the casualty
- The value of the property after the repairs is not, as a result of the repairs, more than the value of the property immediately before the casualty

To figure a casualty loss to real estate not used in a trade, business, or for income-producing purposes, measure the decrease in value of the property as a whole. All improvements, such as buildings, trees, and shrubs, are considered together as one item. Figure the loss separately for other items. For example, determine the loss separately for each piece of furniture.

#### Line 10

If you had more than four properties stolen or destroyed during the same casualty or theft event, complete additional Schedules M1CAT, lines 1 through 9, for the additional properties. Complete only one Schedule M1CAT, lines 10 through 12, for each casualty or theft event.

#### Line 12

If you experienced **one** casualty or theft event in 2025, subtract line 11 from line 10 and enter the result. If zero or less, enter 0.

If you experienced **more than one** casualty or theft event in 2025, complete a separate Schedule M1CAT through line 12 for each event.

#### Line 13

If you had one casualty or theft event, enter the amount from line 12.

If you had more than one casualty or theft event, you should have completed a separate Schedule M1CAT through line 12 for each event. Enter the total of lines 12 from all Schedules M1CAT you are filing on line 13 of the first Schedule M1CAT you file. Leave line 13 of all other Schedules M1CAT blank.

A refund will be delayed or denied if you do not include all Schedules M1CAT.

#### Line 15

You will complete line 15 differently depending on whether you have a net gain or loss.

If line 14 is more than line 13, you have a **net gain**. The net gain should be reported on your federal return. See IRS Schedule 4684 and do not complete Schedule M1CAT.

If line 14 is less than line 13, you have a **net loss**. Complete Schedule M1CAT and enter the result of line 20 on line 19 of Schedule M1SA.