

Congress of the United States
Washington, DC 20515

August 7, 2018

The Honorable David Kautter
Acting Commissioner
Internal Revenue Service
1111 Constitution Avenue NW
Washington, D.C. 20224

Dear Acting Commissioner Kautter,

We write to thank you and your staff for your continued commitment to homeowners in the Northeast who are afflicted with crumbling concrete foundations, and to request a further clarification of current law. The release of Revenue Procedures 2017-60 and 2018-14 have already provided relief to homeowners worth tens – and in some cases hundreds – of thousands of dollars.

As you know, the Tax Cuts and Jobs Act (P.L. 115-97) limited the use of casualty loss deductions beginning in tax year 2018. Following passage of the law, Revenue Procedure 2018-14 extended the time for individuals to pay for repairs to their home while taking advantage of the safe harbor under Revenue Procedure 2017-60. The new tax law additionally changes the parameters of taking a net operating loss, eliminating carrybacks and restricting carryforwards for losses occurring after 2017.


In order to better assist professional tax preparers and homeowners seeking to use the above safe harbors, we seek technical clarification on how, or whether, a taxpayer could take and carryforward a net operating loss should their casualty loss, as qualified under the above Revenue Procedures, exceed their income. In particular:

1. Can you confirm that when taking a net operating loss, the taxpayer can include casualty losses qualified under Revenue Procedure 2017-60?
2. If a taxpayer's net operating loss is carried forward past the casualty loss extension under Revenue Procedure 2018-14, can the taxpayer still claim the remaining carryforward?

We appreciate your continued attention to this matter and look forward to your further clarification. Thank you.

Sincerely,


JOE COURTNEY
Member of Congress


JOHN B. LARSON
Member of Congress