



September 10, 2018

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

Dear Acting Commissioner Kautter,

I am writing to express the continued support of the Connecticut Society of Certified Public Accountants (CTCPA) of the efforts of U.S. Representatives Joe Courtney (CT-2<sup>nd</sup>) and John Larson (CT-1<sup>st</sup>) to secure the relief of the many Connecticut homeowners afflicted by the crumbling concrete foundations of their homes.

The Tax Cuts and Jobs Act (P.L. 115-97) limited the use of the casualty loss deductions beginning with tax year 2018. After P.L. 115-97 became law, Revenue Procedures 2017-60 and 2018-14 extended the time for individuals to pay for repairs to their houses, taking advantage of the safe harbor under Revenue Procedure 2017-60. However, the new tax law changes the parameters for taking a net operating loss, eliminating carrybacks and restricting carryforwards for losses occurring after 2017.

Simply stated, in the vast majority of cases, the cost of repairing a crumbling foundation will far exceed the amount of taxes a homeowner will pay in any given year. Thus, the taxpayer would not be able to deduct the total of their crumbling foundation casualty loss. Granting a net loss carryforward in these cases would provide homeowners with the ability to deduct their losses over a specified period.

It is our understanding that Congressmen Courtney and Larson are seeking technical clarification on how or whether a taxpayer could take and carryforward a net operating loss if their casualty loss, as qualified under Revenue Procedures 2017-60 and 2018-14, should exceed their income. We support the efforts of the Congressmen to obtain positive clarification that such carryforwards can be applied to the losses of homeowners affected by the crumbling concrete foundation issue whose casualty losses exceed their income during the year in which they initially claim the casualty loss.

The CTCPA appreciates your consideration of this matter and we look forward to its further clarification.

Sincerely,

A handwritten signature in blue ink that reads "Bonnie Stewart". The signature is fluid and cursive, with the first name "Bonnie" being more prominent than the last name "Stewart".

Bonnie Stewart  
Executive Director

cc: Congressman Joe Courtney (CT-2<sup>nd</sup>)  
Congressman John Larson (CT-1<sup>st</sup>)

**The Connecticut Society of CPAs**