



YOUR VOICE AT THE IRS



THE OFFICE OF THE TAXPAYER ADVOCATE OPERATES INDEPENDENTLY OF ANY OTHER IRS OFFICE AND REPORTS DIRECTLY TO CONGRESS THROUGH THE NATIONAL TAXPAYER ADVOCATE.

May 22, 2017

Rep. John B. Larson
1501 Longworth House Office Building
Washington, D.C. 20515

Rep. Joe Courtney
2348 Rayburn House Office Building
Washington, D.C. 20515

Dear Representatives Larson and Courtney:

I am writing in response to your letter dated May 19, 2017, concerning the problems certain homeowners in Connecticut are experiencing because of crumbling home foundations.

As you know, your staff has previously been in touch with our Local Taxpayer Advocate in Connecticut and my national office staff about this matter. Last week, we submitted a request to the IRS Office of Chief Counsel to publish guidance providing for relief under section 165 of the Internal Revenue Code.

In general, section 165 provides a tax deduction for casualty losses sustained during a taxable year and not compensated for by insurance or otherwise. Where a loss occurs on a more gradual basis (*i.e.*, not entirely within a single taxable year), this relief provision generally does not apply. In 2010, however, the IRS issued Revenue Procedure 2010-36, which allowed comparable tax relief where homeowners in Florida experienced damage due to corrosive drywall that had deteriorated over time. The request we submitted to the Office of Chief Counsel is based on the approach taken in Revenue Procedure 2010-36.

As you requested, I am enclosing the request we submitted.

We look forward to continuing to work with your offices as we advocate for relief for the homeowners affected by this problem.

Sincerely,

A handwritten signature in blue ink, appearing to read "Nina Olson", enclosed in a rectangular box.

Nina E. Olson
National Taxpayer Advocate