



Tax Reduction Letter

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Internal Revenue Code Section 165(c)

Losses

- (c) Limitation on losses of individuals. In the case of an individual, the deduction under subsection (a) shall be limited to
- (1) losses incurred in a trade or business;
 - (2) losses incurred in any transaction entered into for profit, though not connected with a trade or business; and
 - (3) except as provided in subsection (h), losses of property not connected with a trade or business or a transaction entered into for profit, if such losses arise from fire, storm, shipwreck, or other casualty, or from theft.