

## Internal Revenue Code Section 265(a)(1)

Expenses and interest relating to tax-exempt income

(a) General rule.

No deduction shall be allowed for-



(1) Expenses.

Any amount otherwise allowable as a deduction which is allocable to one or more classes of income other than interest (whether or not any amount of income of that class or classes is received or accrued) wholly exempt from the taxes imposed by this subtitle, or any amount otherwise allowable under section 212 (relating to expenses for production of income) which is allocable to interest (whether or not any amount of such interest is received or accrued) wholly exempt from the taxes imposed by this subtitle.

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