



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

OFFICE OF  
CHIEF COUNSEL

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The Honorable Olympia J. Snowe  
United States Senate  
Washington, DC 20510

Dear Senator Snowe:

I am responding to your letter dated March 3, 2009, to Floyd L. Williams, National Director of Legislative Affairs. You asked about the tax treatment of capital losses from the sale of investment property.

In general, an individual taxpayer can deduct a capital loss from the sale of investment property against capital gains from the sale of other investment property. If the capital loss exceeds the capital gains, the taxpayer may deduct up to \$3,000 of the excess against other taxable income, such as wages or interest income, and may carry over any remaining loss to subsequent taxable years.

I hope this information is helpful. Please see the enclosed page from Publication 550, *Investment Income and Expenses* for further information. If you have additional questions, please contact me at \_\_\_\_\_ or \_\_\_\_\_ at \_\_\_\_\_.

Sincerely,

George J. Blaine  
Associate Chief Counsel  
(Income Tax and Accounting)

Enclosure