



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

OFFICE OF THE CHIEF COUNSEL

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The Honorable Charles E. Grassley
United States Senator
150 1st Avenue NE, Suite 325
Cedar Rapids, IA 52401

Dear Senator Grassley:

I am responding to your inquiry dated September 14, 2009, on behalf of your constituent, . sustained casualty losses due to flood damage on his farm in 2008. asks whether he may carry those losses forward to subsequent tax years.

A taxpayer generally can carry back a net operating loss, or overall loss for the year attributable to casualty, three years prior to the year in which the casualty occurred, and then forward 20 years. I am enclosing IRS Publication 547, Casualties, Disasters and Thefts, which has additional information on casualty losses. In addition, Congress lengthened the carryback period to five years for the portion of any net operating loss attributable to losses from the destruction of business property by the Midwest storms and floods (Heartland Disaster Tax Relief Act of 2008). property may qualify for the Act's longer carryback period. Additional information is in IRS Publication 4492-B, Information for Affected Taxpayers in the Midwestern Disaster Areas (enclosed).

I hope this information is helpful. Please call me , at if you have any questions.

Sincerely,

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

Enclosures (2)