

107TH CONGRESS
2^D SESSION

H. R. 5212

To amend the Internal Revenue Code of 1986 to increase the limitation on capital losses an individual may deduct against ordinary income, and to adjust such amount for inflation.

IN THE HOUSE OF REPRESENTATIVES

JULY 25, 2002

Mr. ISTOOK introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to increase the limitation on capital losses an individual may deduct against ordinary income, and to adjust such amount for inflation.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. TREATMENT OF CAPITAL LOSSES OF TAX-**
4 **PAYERS OTHER THAN CORPORATIONS.**

5 (a) INCREASE IN LIMITATION ON LOSSES ALLOW-
6 ABLE AGAINST ORDINARY INCOME.—Paragraph (1) of
7 section 1211(b) of the Internal Revenue Code of 1986 (re-

1 lating to limitation on capital losses of taxpayers other
2 than corporations) is amended—

3 (1) by striking “\$3,000” and inserting
4 “\$20,000”, and

5 (2) by striking “\$1,500” and inserting
6 “\$10,000”.

7 (b) ADJUSTMENT FOR INFLATION.—Section 1211 of
8 such Code (relating to limitation on capital losses) is
9 amended by adding at the end the following new sub-
10 section:

11 “(c) ADJUSTMENT FOR INFLATION.—

12 “(1) IN GENERAL.—In the case of any taxable
13 year beginning in a calendar year after 2002, the
14 \$20,000 and \$10,000 amounts contained in sub-
15 section (b)(1) shall each be increased by an amount
16 equal to—

17 “(A) such amount, multiplied by

18 “(B) the cost-of-living adjustment deter-
19 mined under section 1(f)(3) for the calendar
20 year in which the taxable year begins by sub-
21 stituting ‘calendar year 2001’ for ‘calendar year
22 1992’ in subparagraph (B) thereof.

23 “(2) ROUNDING.—If any increase determined
24 under paragraph (1) is not a multiple of \$5, such

1 increase shall be rounded to the next highest mul-
2 tiple of \$5.”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2001.

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