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(Original Signature of Member)

107<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R.** \_\_\_\_\_

\_\_\_\_\_  
IN THE HOUSE OF REPRESENTATIVES

Mr. ISTOOK introduced the following bill; which was referred to the Committee  
on \_\_\_\_\_

\_\_\_\_\_  
**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,*



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

3 (a) INCREASE IN LIMITATION ON LOSSES ALLOWABLE  
4 AGAINST ORDINARY INCOME.—Paragraph (1) of section  
5 1211(b) of the Internal Revenue Code of 1986 (relating  
6 to limitation on capital losses of taxpayers other than cor-  
7 porations) is amended—

8 (1) by striking “\$3,000” and inserting  
9 “\$20,000”, and

10 (2) by striking “\$1,500” and inserting  
11 “\$10,000”.

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

16 “(c) ADJUSTMENT FOR INFLATION.—

17 “(1) IN GENERAL.—In the case of any taxable  
18 year beginning in a calendar year after 2002, the  
19 \$20,000 and \$10,000 amounts contained in sub-  
20 section (b)(1) shall each be increased by an amount  
21 equal to—

22 “(A) such amount, multiplied by

23 “(B) the cost-of-living adjustment deter-  
24 mined under section 1(f)(3) for the calendar  
25 year in which the taxable year begins by sub-



1           stituting ‘calendar year 2001’ for ‘calendar year  
2           1992’ in subparagraph (B) thereof.

3           “(2) ROUNDING.—If any increase determined  
4           under paragraph (1) is not a multiple of \$5, such  
5           increase shall be rounded to the next highest mul-  
6           tiple of \$5.”.

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

