

# **IRC Section 172(b)(1)(C)**

## **Election To Waive Carryback Period With Respect To Specific Liability Loss**

### **Overview**

Generally, taxpayers are permitted a deduction for the taxable year for net operating loss carryovers as well as net operating loss carrybacks. Taxpayers that generate net operating losses are required to first carry the losses back three years and then carry the losses forward for 15 years.

Section §172(b)(1)(C) provides that in the case of a taxpayer which has a specified liability loss, as defined in section §172(f), for a taxable year, such specified liability loss shall be a net operating loss carryback to each of the 10 taxable years preceding the taxable year of such loss.

Section §172(f)(6) permits a taxpayer which has a specified liability loss to elect to waive the 10 year carryback period, as indicated above, and use the general method of carrying the loss back three years and then forward 15 years.

This election is irrevocable for the year for which the election is made.

### **When to File**

The election is made by attaching a statement to the tax return for the taxable year for which the election is to be effective. The election must be made no later than the due date, including extensions, of the taxpayer's return for such year.

### **Where to File**

The election statement is attached to the taxpayer's original or amended income tax return filed within the required time periods and mailed to the designated Internal Revenue Service Center.

### **Index**

1. Code Section: 172
2. Topic: Deduction Items

3. Return Type: 1040, 1120

**Authorities**

IRC §172(b)(1)(C); §172(f)(6); Reg. §1.172-13(c)