



# TaxNewsFlash

United States

No. 2017-269  
June 29, 2017

## Third Circuit: Taxpayer not allowed deductions under loss duplication rule

The U.S. Court of Appeals for the Third Circuit today affirmed a decision of the U.S. Tax Court, that \$199 million of losses claimed by the taxpayer for 2001 and for 2002-2003 were deducted for the same underlying economic loss in the form of an underlying decline in value of subsidiaries.

The Third Circuit concluded that the Tax Court had properly applied the *Ilfeld* doctrine that effectively bars a taxpayer from the practical equivalent of a double deduction under the loss duplication rules for consolidated returns.

Read the Third Circuit's [decision](#) [PDF 160 KB] that includes a dissenting opinion. The case is: *Duquesne Light Holdings, Inc. v. Commissioner*, No. 14-1743 (3r Cir. June 29, 2017)

The information contained in TaxNewsFlash is not intended to be "written advice concerning one or more Federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230, as the content of this document is issued for general informational purposes only, is intended to enhance the reader's knowledge on the matters addressed therein, and is not intended to be applied to any specific reader's particular set of facts. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Applicability of the information to specific situations should be determined through consultation with your tax adviser.

KPMG International is a Swiss cooperative that serves as a coordinating entity for a network of independent member firms. KPMG International provides no audit or other client services. Such services are provided solely by member firms in their respective geographic areas. KPMG International and its member firms are legally distinct and separate entities. They are not and nothing contained herein shall be construed to place these entities in the relationship of parents, subsidiaries, agents, partners, or joint venturers. No member firm has any authority (actual, apparent, implied or otherwise) to obligate or bind KPMG International or any member firm in any manner whatsoever.

Direct comments, including requests for subscriptions, to [Washington National Tax](#). For more information, contact KPMG's Federal Tax Legislative and Regulatory Services Group at +1 202.533.4366, 1801 K Street NW, Washington, DC 20006-1301.

To unsubscribe from TaxNewsFlash-United States, reply to [Washington National Tax](#).

[Privacy](#) | [Legal](#)