

1 *SEC. 107. AMENDMENT TO PRESERVE EXISTING LAW ON*
2 *DEDUCTIONS UNDER SECTION 931.*

3 *(a) DEDUCTIONS.—Subsection (d) of section 931 (re-*
4 *lating to deductions) is amended to read as follows:*

5 *“(d) DEDUCTIONS.—*

6 *“(1) GENERAL RULE.—Except as otherwise pro-*
7 *vided in this subsection and subsection (e), in the case*
8 *of persons entitled to the benefits of this section the*
9 *deductions shall be allowed only if and to the extent*
10 *that they are connected with income from sources within*
11 *the United States; and the proper apportionment and*
12 *allocation of the deductions with respect to sources of*
13 *income within and without the United States shall be*
14 *determined as provided in part I, under regulations*
15 *prescribed by the Secretary or his delegate.*

16 *“(2) EXCEPTIONS.—The following deductions shall*
17 *be allowed whether or not they are connected with in-*
18 *come from sources within the United States:*

19 *“(A) The deduction, for losses not connected*
20 *with the trade or business if incurred in transactions*
21 *entered into for profit, allowed by section 165(c)*