

as a result of an award in, or in settlement of, a civil action for recovery for a compensable injury, reduced by any amounts paid or incurred in the taxable year in securing such award or settlement.

**(d) Unrecovered losses**

**(1) In general**

For purposes of this section, the amount of any unrecovered loss sustained as a result of any compensable injury is—

(A) the sum of the amount of the net operating losses (as determined under section 172) for each taxable year in whole or in part within the injury period, to the extent that such net operating losses are attributable to such compensable injury, reduced by

(B) the sum of—

(i) the amount of the net operating losses described in subparagraph (A) which were allowed for any prior taxable year as a deduction under section 172 as a net operating loss carryback or carryover to such taxable year, and

(ii) the amounts allowed as a deduction under subsection (a) for any prior taxable year for prior recoveries of compensatory amounts for such compensable injury.

**(2) Injury period**

For purposes of paragraph (1), the injury period is—

(A) with respect to any infringement of a patent, the period in which such infringement occurred,

(B) with respect to a breach of contract or breach of fiduciary duty or relationship, the period during which amounts would have been received or accrued but for the breach of contract or breach of fiduciary duty or relationship, and

(C) with respect to injuries sustained by reason of any conduct forbidden in the anti-trust laws, the period in which such injuries were sustained.

**(3) Net operating losses attributable to compensable injuries**

For purposes of paragraph (1)—

(A) a net operating loss for any taxable year shall be treated as attributable to a compensable injury to the extent of the compensable injury sustained during such taxable year, and

(B) if only a portion of a net operating loss for any taxable year is attributable to a compensable injury, such portion shall (in applying section 172 for purposes of this section) be considered to be a separate net operating loss for such year to be applied after the other portion of such net operating loss.

**(e) Effect on net operating loss carryovers**

If for the taxable year in which a compensatory amount is received or accrued any portion of a net operating loss carryover to such year is attributable to the compensable injury for which such amount is received or accrued, such portion of such net operating loss carryover shall be reduced by an amount equal to—

(1) the deduction allowed under subsection (a) with respect to such compensatory amount, reduced by

(2) any portion of the unrecovered losses sustained as a result of the compensable injury with respect to which the period for carryover under section 172 has expired.

(Added Pub. L. 91-172, title IX, §904(a), Dec. 30, 1969, 83 Stat. 711.)

**Editorial Notes**

REFERENCES IN TEXT

Section 4 of the Clayton Act, referred to in subsec. (b)(3), is classified to section 15 of Title 15.

**Statutory Notes and Related Subsidiaries**

EFFECTIVE DATE

Pub. L. 91-172, title IX, §904(c), Dec. 30, 1969, 83 Stat. 712, provided that: "The amendments made by this section [enacting this section] shall apply to taxable years beginning after December 31, 1968."

**[§ 187. Repealed. Pub. L. 94-455, title XIX, § 1901(a)(31), Oct. 4, 1976, 90 Stat. 1769]**

Section, added Pub. L. 91-172, title VII, §707(a), Dec. 30, 1969, 83 Stat. 674; amended Pub. L. 93-625, §3(d), Jan. 3, 1975, 88 Stat. 2109, provided for an allowance of an amortization deduction for certain coal mine safety equipment, the method of election and termination of such deduction, the definition of term "certified coal mine safety equipment", and special rules applicable to the amortization deduction.

**Statutory Notes and Related Subsidiaries**

EFFECTIVE DATE OF REPEAL

Repeal effective for taxable years beginning after Dec. 31, 1976, see section 1901(d) of Pub. L. 94-455, set out as an Effective Date of 1976 Amendment note under section 2 of this title.

**[§ 188. Repealed. Pub. L. 101-508, title XI, § 11801(a)(13), Nov. 5, 1990, 104 Stat. 1388-520]**

Section, added Pub. L. 92-178, title III, §303(a), Dec. 10, 1971, 85 Stat. 521; amended Pub. L. 94-455, title XIX, §1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834; Pub. L. 95-30, title IV, §402(a)(1)-(3), May 23, 1977, 91 Stat. 155, related to amortization of certain expenditures for child care facilities.

**Statutory Notes and Related Subsidiaries**

SAVINGS PROVISION

For provisions that nothing in repeal by Pub. L. 101-508 be construed to affect treatment of certain transactions occurring, property acquired, or items of income, loss, deduction, or credit taken into account prior to Nov. 5, 1990, for purposes of determining liability for tax for periods ending after Nov. 5, 1990, see section 11821(b) of Pub. L. 101-508, set out as a note under section 45K of this title.

**[§ 189. Repealed. Pub. L. 99-514, title VIII, § 803(b)(1), Oct. 22, 1986, 100 Stat. 2355]**

Section, added Pub. L. 94-455, title II, §201(a), Oct. 4, 1976, 90 Stat. 1525; amended Pub. L. 95-600, title VII, §701(m)(1), Nov. 6, 1978, 92 Stat. 2907; Pub. L. 97-34, title II, §262(a), (b), Aug. 13, 1981, 95 Stat. 264; Pub. L. 97-248, title II, §207(a)-(d), Sept. 3, 1982, 96 Stat. 431, 432; Pub. L. 97-354, §5(a)(24), Oct. 19, 1982, 96 Stat. 1694; Pub. L. 98-369, div. A, title I, §93(a), title VII, §712(c), July 18, 1984, 98 Stat. 614, 947, related to amortization of real property construction period interest and taxes.