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An exempt organization with unrelated business taxable income computed its net operating loss for the taxable years of 1960 and 1961 without taking into account the \$1,000 specific deduction under section 512(b)(12) of the Internal Revenue Code of 1954. Thereafter, the organization filed timely claims for refund on the ground that the specific deduction of \$1,000 should have been taken into account in computing its net operating loss under section 172 of the Code.

Held, the exempt organization in computing its net operating loss under section 172 of the Code must exclude the specific deduction of \$1,000 provided in section 512(b)(12) from such computation.