This article examines the statutory rules and case-law principles that determine the tax deduction that an individual may claim for an investment loss. It adds to what has previously been written on this topic by focusing on the situation of individuals who are victims of fraudulent investment schemes, using examples that have been considered by the Tax Court of Canada and the Federal Court of Appeal. It is hoped that this article will help investors and their advisers to make more prudent personal financial-planning decisions, as well as implement strategies that will enable them to provide better defences in the event of a claim for an investment loss of any kind.

**KEYWORDS:** TAX DEDUCTIONS ■ LOSSES ■ BUSINESS ■ CAPITAL LOSSES ■ FRAUD ■ INVESTMENTS