

Internal Revenue Code Section 469(b)

Passive activity losses and credits limited.

(a) Disallowance.

(1) In general. If for any taxable year the taxpayer is described in paragraph (2), neither—

(A) the passive activity loss, nor

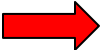
(B) the passive activity credit,
for the taxable year shall be allowed.

(2) Persons described. The following are described in this paragraph:

(A) any individual, estate, or trust,

(B) any closely held C corporation, and

(C) any personal service corporation.

 (b) Disallowed loss or credit carried to next year. Except as otherwise provided in this section, any loss or credit from an activity which is disallowed under subsection (a) shall be treated as a deduction or credit allocable to such activity in the next taxable year.

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