


Internal Revenue Code Section 163(d)(5)(A)(ii)
Interest

(d) Limitation on investment interest.

(5) Property held for investment. For purposes of this subsection—

(A) In general. The term "property held for investment" shall include—

(i) any property which produces income of a type described in section 469(e)(1), and

 (ii) any interest held by a taxpayer in an activity involving the conduct of a trade or business—

(I) which is not a passive activity, and

(II) with respect to which the taxpayer does not materially participate.

(B) Investment expenses. In the case of property described in subparagraph (A)(i), expenses shall be allocated to such property in the same manner as under section 469.

(C) Terms. For purposes of this paragraph, the terms "activity", "passive activity", and "materially participate" have the meanings given such terms by section 469.