


Internal Revenue Code Section 172(b)(1)(A)(ii)

Net operating loss deduction.

- (a) Deduction allowed. There shall be allowed as a deduction for the taxable year an amount equal to the aggregate of (1) the net operating loss carryovers to such year, plus (2) the net operating loss carrybacks to such year. For purposes of this subtitle, the term "net operating loss deduction" means the deduction allowed by this subsection.
- (b) Net operating loss carrybacks and carryovers.
 - (1) Years to which loss may be carried.
 - (A) General rule. Except as otherwise provided in this paragraph, a net operating loss for any taxable year—
 - (i) shall be a net operating loss carryback to each of the 2 taxable years preceding the taxable year of such loss, and
 -  (ii) shall be a net operating loss carryover to each of the 20 taxable years following the taxable year of the loss.
 - (B) Special rules for REIT's.
 - (i) In general. A net operating loss for a REIT year shall not be a net operating loss carryback to any taxable year preceding the taxable year of such loss.
 - (ii) Special rule. In the case of any net operating loss for a taxable year which is not a REIT year, such loss shall not be carried back to any taxable year which is a REIT year.
 - (iii) REIT year. For purposes of this subparagraph, the term "REIT year" means any taxable year for which the provisions of part II of subchapter M (relating to real estate investment trusts) apply to the taxpayer.

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