Internal Revenue Code Section 465(a)(1)(B)
Deductions limited to amount at risk.

(a) Limitation to amount at risk.

(1) In general. In the case of—

(A) an individual, and

(B) a C corporation with respect to which the stock ownership requirement of paragraph (2) of section 542(a) is met, engaged in an activity to which this section applies, any loss from such activity for the taxable year shall be allowed only to the extent of the aggregate amount with respect to which the taxpayer is at risk (within the meaning of subsection (b)) for such activity at the close of the taxable year.

(2) Deduction in succeeding year. Any loss from an activity to which this section applies not allowed under this section for the taxable year shall be treated as a deduction allocable to such activity in the first succeeding taxable year.

(3) Special rules for applying paragraph (1)(B). For purposes of paragraph (1)(B)

(A) section 544(a)(2) shall be applied as if such section did not contain the phrase 'or by or for his partner'; and

(B) sections 544(a)(4)(A) and 544(b)(1) shall be applied by substituting 'the corporation meet the stock ownership requirements of section 542(a)(2)' for 'the corporation a personal holding company'.