

**Internal Revenue Code Section 469(a)(2)(C)**

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.