

26 U.S. Code § 172 - Net operating loss deduction

(a) **DEDUCTION ALLOWED** There shall be allowed as a deduction for the taxable year an amount equal to the lesser of—

(1) the aggregate of the net operating loss carryovers to such year, plus the net operating loss carrybacks to such year, or

(2) 80 percent of taxable income computed without regard to the deduction allowable under this section. For purposes of this subtitle, the term “net operating loss deduction” means the deduction allowed by this subsection.