

Reg. Section 1.469-5T(f)(2)(ii)(A)

Material participation (temporary)

(f) Participation—

(1) See § 1.469-5(f)(1) for rules relating to this paragraph.

(2) Exceptions—

(i) Certain work not customarily done by owners. Work done in connection with an activity shall not be treated as participation in the activity for purposes of this section if—

(A) Such work is not of a type that is customarily done by an owner of such an activity; and

(B) One of the principal purposes for the performance of such work is to avoid the disallowance, under section 469 [26 USCS § 469] and the regulations thereunder, of any loss or credit from such activity.

(ii) Participation as an investor—



(A) In general. Work done by an individual in the individual's capacity as an investor in an activity shall not be treated as participation in the activity for purposes of this section unless the individual is directly involved in the day-to-day management or operations of the activity.

(B) . . .