Internal Revenue Service, Treasury

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§ 1.468A–1 Nuclear decommissioning costs; general rules.

(a) Introduction. Section 468A provides an elective method for taking into account nuclear decommissioning costs for Federal income tax purposes. In general, an eligible taxpayer that elects the application of section 468A pursuant to the rules contained in §1.468A–7 is allowed a deduction (as determined under §1.468A–2) for the taxable year in which the taxpayer makes a cash payment to a nuclear decommissioning fund. Taxpayers using an accrual method of accounting that do not elect the application of section 468A are not allowed a deduction for nuclear decommissioning costs prior to the taxable year in which economic performance occurs with respect to such costs (see section 461(h)).

(b) Definitions. The following terms are defined for purposes of section 468A and §§1.468A–1 through 1.468A–9:

(1) The term eligible taxpayer means any taxpayer that possesses a qualifying interest in a nuclear power plant (including a nuclear power plant that is under construction).

(2) The term qualifying interest means—

(A) A direct ownership interest; or

(B) A leasehold interest in any portion of a nuclear power plant if—

(A) The holder of the leasehold interest is primarily liable under Federal or State law for decommissioning such portion of the nuclear power plant; and

(B) No other person establishes a nuclear decommissioning fund with respect to such portion of the nuclear power plant.

(C) Election allowed for property transferred prior to December 23, 2010.

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(1) In general.

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(i) Gain or loss not recognized on transfers to fund.

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(A) In general.