§ 62. Adjusted gross income defined

(a) General Rule

For purposes of this subtitle, the term "adjusted gross income" means, in the case of an
individual, gross income minus the following deductions:

(1) **Trade and business deductions**

The deductions allowed by this chapter (other than by part VII of this subchapter) which are attributable to a trade or business carried on by the taxpayer, if such trade or business does not consist of the performance of services by the taxpayer as an employee.

(2) **Certain trade and business deductions of employees**

(A) **Reimbursed expenses of employees**

The deductions allowed by part VI (section 161 and following) which consist of expenses paid or incurred by the taxpayer, in connection with the performance by him of services as an employee, under a reimbursement or other expense allowance arrangement with his employer. The fact that the reimbursement may be provided by a third party shall not be determinative of whether or not the preceding sentence applies.

(B) **Certain expenses of performing artists**

The deductions allowed by section 162 which consist of expenses paid or incurred by a qualified performing artist in connection with the performances by him of services in the performing arts as an employee.

(C) **Certain expenses of officials**

The deductions allowed by section 162 which consist of expenses paid or incurred with respect to services performed by an official as an employee of a State or a political subdivision thereof in a position compensated in whole or in part on a fee basis.

(D) **Certain expenses of elementary and secondary school teachers**

The deductions allowed by section 162 which consist of expenses, not in excess of $250, paid or incurred by an eligible educator—

(i) by reason of the participation of the educator in professional development courses related to the curriculum in which the educator provides instruction or to the students for which the educator provides instruction, and

(ii) in connection with books, supplies (other than nonathletic supplies for courses of instruction in health or physical education), computer equipment (including related software and services) and other equipment, and supplementary materials used by the eligible educator in the classroom.

(E) **Certain expenses of members of reserve components of the Armed Forces of the United States**

The deductions allowed by section 162 which consist of expenses, determined at a rate not in excess of the rates for travel expenses (including per diem in lieu of subsistence) authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, paid or incurred by the taxpayer in connection with the performance of services by such taxpayer as a member of a reserve component of the Armed Forces of the United States for any period during which such individual is more than 100 miles away from home in connection with such services.

(3) **Losses from sale or exchange of property**

The deductions allowed by part VI (sec. 161 and following) as losses from the sale or exchange of property.

(4) **Deductions attributable to rents and royalties**

The deductions allowed by part VI (sec. 161 and following), by section 212 (relating to expenses for production of income), and by section 611 (relating to depletion) which are attributable to property held for the production of rents or royalties.

(5) **Certain deductions of life tenants and income beneficiaries of property**

In the case of a life tenant of property, or an income beneficiary of property held in trust, or an heir, legatee, or devisee of an estate, the deduction for depreciation allowed by section 167 and the deduction allowed by section 611.

(6) **Pension, profit-sharing, and annuity plans of self-employed individuals**

In the case of an individual who is an employee within the meaning of section 401(c)(1), the deduction allowed by section 404.

(7) **Retirement savings**

The deduction allowed by section 219 (relating to deduction of certain retirement savings).


(9) **Penalties forfeited because of premature withdrawal of funds from time savings accounts or deposits**

The deductions allowed by section 165 for losses incurred in any transaction entered into for profit, though not connected with a trade or business, to the extent that such losses include amounts forfeited to a bank, mutual savings bank, savings and loan association, building and loan association, cooperative bank or homestead association as a penalty for premature withdrawal of funds from a time savings account, certificate of deposit, or similar class of deposit.

(10) **Alimony**

The deduction allowed by section 215.

(11) **Reforestation expenses**

The deduction allowed by section 194.

(12) **Certain required repayments of supplemental unemployment compensation benefits**

The deduction allowed by section 165 for the repayment to a trust described in paragraph (9) or (17) of section 501(c) of supplemental unemployment compensation benefits received from such trust if such repayment is required because of the receipt of trade readjustment benefit.

(13) Jury duty pay remitted to employer

Any deduction allowable under this chapter by reason of an individual remitting any portion of any jury pay to such individual’s employer in exchange for payment by the employer of compensation for the period such individual was performing jury duty. For purposes of the preceding sentence, the term “jury pay” means any payment received by the individual for the discharge of jury duty.


(15) Moving expenses

The deduction allowed by section 217.

(16) Archer MSAs

The deduction allowed by section 220.

(17) Interest on education loans

The deduction allowed by section 221.

(18) Higher education expenses

The deduction allowed by section 222.

(19) Health savings accounts

The deduction allowed by section 223.

(20) Costs involving discrimination suits, etc.

Any deduction allowable under this chapter for attorney fees and court costs paid by, or on behalf of, the taxpayer in connection with any action involving a claim of unlawful discrimination (as defined in subsection (e)) or a claim of a violation of subchapter III of chapter 37 of title 31, United States Code 2 or a claim made under section 1862(b)(3)(A) of the Social Security Act (42 U.S.C. 1395y(b)(3)(A)). The preceding sentence shall not apply to any deduction in excess of the amount includible in the taxpayer’s gross income for the taxable year on account of a judgment or settlement (whether by suit or agreement and whether as lump sum or periodic payments) resulting from such claim.

(21) Attorneys fees relating to awards to whistleblowers

Any deduction allowable under this chapter for attorney fees and court costs paid by, or on behalf of, the taxpayer in connection with any award under section 7623(b) (relating to awards to whistleblowers). The preceding sentence shall not apply to any deduction in excess of the amount includible in the taxpayer’s gross income for the taxable year on account of such award.

Nothing in this section shall permit the same item to be deducted more than once. The deduction allowed by section 199A shall not be treated as a deduction described in any of the preceding paragraphs of this subsection.

(b) Qualified performing artist

(1) In general

For purposes of subsection (a)(2)(B), the term “qualified performing artist” means, with respect to any taxable year, any individual if—

(A) such individual performed services in the performing arts as an employee during the taxable year for at least 2 employers,

(B) the aggregate amount allowable as a deduction under section 162 in connection with the performance of such services exceeds 10 percent of such individual’s gross income attributable to the performance of such services, and

(C) the adjusted gross income of such individual for the taxable year (determined without regard to subsection (a)(2)(B)) does not exceed $16,000.

(2) Nominal employer not taken into account

An individual shall not be treated as performing services in the performing arts as an employee for any employer during any taxable year unless the amount received by such individual from such employer for the performance of such services during the taxable year equals or exceeds $200.

(3) Special rules for married couples

(A) In general

Except in the case of a husband and wife who lived apart at all times during the taxable year, if the taxpayer is married at the close of the taxable year, subsection (a)(2)(B) shall apply only if the taxpayer and his spouse file a joint return for the taxable year.

(B) Application of paragraph (1)

In the case of a joint return—

(i) paragraph (1) (other than subparagraph (C) thereof) shall be applied separately with respect to each spouse, but

(ii) paragraph (1)(C) shall be applied with respect to their combined adjusted gross income.

(C) Determination of marital status

For purposes of this subsection, marital status shall be determined under section 7703(a).

(D) Joint return

For purposes of this subsection, the term “joint return” means the joint return of a husband and wife made under section 6013.

(c) Certain arrangements not treated as reimbursement arrangements

For purposes of subsection (a)(2)(A), an arrangement shall in no event be treated as a reimbursement or other expense allowance arrangement if—

(1) such arrangement does not require the employee to substantiate the expenses covered by the arrangement to the person providing the reimbursement, or

(2) such arrangement provides the employee the right to retain any amount in excess of the substantiated expenses covered under the arrangement.

The substantiation requirements of the preceding sentence shall not apply to any expense to the extent that substantiation is not required under section 274(d) for such expense by reason

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2 So in original. Probably should be followed by a comma.
of the regulations prescribed under the 2nd sentence thereof.

(d) Definition; special rules

(1) Eligible educator

(A) In general

For purposes of subsection (a)(2)(D), the term "eligible educator" means, with respect to any taxable year, an individual who is a kindergarten through grade 12 teacher, instructor, counselor, principal, or aide in a school for at least 900 hours during a school year.

(B) School

The term "school" means any school which provides elementary education or secondary education (kindergarten through grade 12), as determined under State law.

(2) Coordination with exclusions

A deduction shall be allowed under subsection (a)(2)(D) for expenses only to the extent the amount of such expenses exceeds the amount excludable under section 135, 529(c)(1), or 530(d)(2) for the taxable year.

(3) Inflation adjustment

In the case of any taxable year beginning after 2015, the $250 amount in subsection (a)(2)(D) shall be increased by an amount equal to—

(A) such dollar amount, multiplied by

(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting "calendar year 2014" for "calendar year 2016" in subparagraph (A)(ii) thereof.

Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $50.

(e) Unlawful discrimination defined

For purposes of subsection (a)(20), the term "unlawful discrimination" means an act that is unlawful under any of the following:


(2) Section 201, 202, 203, 204, 205, 206, or 207 of the Congressional Accountability Act of 1995 (2 U.S.C. 1311, 1312, 1313, 1314, 1315, 1316, or 1317).

(3) The National Labor Relations Act (29 U.S.C. 151 et seq.).


(5) Section 4 or 5 of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 623 or 625).


(8) Title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.).


(10) The Worker Adjustment and Retraining Notification Act (29 U.S.C. 2102 et seq.).

*See References in Text note below.


(12) Chapter 43 of title 38, United States Code (relating to employment and reemployment rights of members of the uniformed services).


(15) Section 904, 905, 906, 908, or 918 of the Fair Housing Act (42 U.S.C. 3604, 3605, 3606, 3608, or 3617).

(16) Section 102, 202, 302, or 503 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12112, 12132, 12132, or 12203).

(17) Any provision of Federal law (popularly known as whistleblower protection provisions) prohibiting the discharge of an employee, the discrimination against an employee, or any other form of retaliation or reprisal against an employee for asserting rights or taking other actions permitted under Federal law.

(18) Any provision of Federal, State, or local law, or common law claims permitted under Federal, State, or local law—

(i) providing for the enforcement of civil rights, or

(ii) regulating any aspect of the employment relationship, including claims for wages, compensation, or benefits, or prohibiting the discharge of an employee, the discrimination against an employee, or any other form of retaliation or reprisal against an employee for asserting rights or taking other actions permitted by law.

REPEAL OF SUBSECTION (a)(10)

Pub. L. 115–97, title I, § 11051(b)(2)(A), (c), Dec. 22, 2017, 131 Stat. 2089, 2090, provided that, applicable to any divorce or separation instrument (as defined in former section 71(b)(2) of this title as in effect before Dec. 22, 2017) executed after Dec. 31, 2018, and to such instruments executed on or before Dec. 31, 2018, and modified after Dec. 31, 2018, if the modification expressly provides that the amendment made by section 11051 of Pub. L. 115–97 applies to such modification, subsection (a) of this section is amended by striking paragraph (10). See 2017 Amendment note below.

INFLATION ADJUSTED ITEMS FOR CERTAIN YEARS

For inflation adjustment of certain items in this section, see Revenue Procedures listed in a table under section 1 of this title.

REFERENCES IN TEXT

Section 302 of the Civil Rights Act of 1991, referred to in subsec. (e)(1), was formerly classified to section 1202 of Title 2, The Congress, and was transferred to section 2003 of Title 2, The Congress, and was transferred to section 2003 of Title 29, Labor. The National Labor Relations Act, referred to in subsec. (e)(3), is act July 5, 1935, ch. 372, 49 Stat. 449, as amended, which is classified generally to subchapter II of chapter 7 of Title 29, Labor. For complete classification of this Act to the Code, see Short Title note set out under section 2003 of Title 29 and Tables.

The Fair Labor Standards Act of 1938, referred to in subsec. (e)(4), is act June 25, 1938, ch. 676, 52 Stat. 1060, as amended, which is classified generally to chapter 2 (§ 201 et seq.) of Title 29, Labor. For complete classification of this Act to the Code, see Short Title note set out under section 2003 of Title 29 and Tables.

The Employee Polygraph Protection Act of 1988, referred to in subsec. (e)(5), is Pub. L. 100–314, June 27, 1988, 102 Stat. 646, as amended, which is classified generally to chapter 22 (§ 2201 et seq.) of Title 29, Labor. For complete classification of this Act to the Code, see Short Title note set out under section 2003 of Title 29 and Tables.

The Worker Adjustment and Retraining Notification Act, referred to in subsec. (e)(10), is Pub. L. 100–379, Aug. 4, 1988, 102 Stat. 890, as amended, which is classified generally to chapter 23 (§ 2301 et seq.) of Title 29, Labor. For complete classification of this Act to the Code, see Short Title note set out under section 2001 of Title 29 and Tables.

AMENDMENTS

2017—Subsec. (a). Pub. L. 115–97, § 11011(b)(1), inserted at end of concluding provisions “The deduction allowed by section 199A shall not be treated as a deduction described in any of the preceding paragraphs of this subsection.”


2015—Subsec. (a)(2)(D). Pub. L. 114–113, § 104(c), substituted “educator—” for “educator in connection with a book, supply, (other than nonathletic supplies for courses of instruction in health or physical education), computer equipment (including related software and services) and other equipment, and supplementary materials used by the eligible educator in the classroom,” and added cls. (I) and (II).

Pub. L. 114–113, § 194(a), substituted “The deductions for—” for “The deduction allowed by section 197A.”


2005—Subsec. (a)(19), (20). Pub. L. 110–195, § 412(q)(1), redesignated par. (19) relating to costs involving discrimination suits, etc., as par. (20) and moved to follow par. (18) relating to health savings accounts.


Subsec. (a)(19). Pub. L. 110–357, § 708(a), added par. (19) relating to costs involving discrimination suits, etc.


1996—Subsec. (a)(6). Pub. L. 104–188 struck out par. (8) which read as follows: “Certain portion of lump-sum distributions from pension plans taxed under section 402(d)—The deduction allowed by section 402(d).”


1989—Subsec. (a)(2)(A). Pub. L. 100–467, § 11001(b)(3)(A), inserted at end “The fact that the reimbursement may be provided by this third party shall not be determinative of whether or not the preceding sentence applies.”


Subsec. (a)(2). Pub. L. 99–514, § 132(b)(1), amended par. (2) generally, substituting “Certain trade” for “Trade” in heading and inserting “of employees” in subpar. (A) heading, substituting provision relating to deduction of certain expenses of performing artists for provision relating to deduction of expenses for travel away from home in subpar. (B), and striking out subpar. (C) relating to deduction of travel expenses and subpar. (D) relating to deduction of expenses of outside salesmen.

1985—Subsec. (a)(3) to (5). Pub. L. 99–514, § 1301(b)(1), redesignated pars. (4) to (6) as (3) to (5), respectively, and struck out former par. (3) which related to long-term capital gains and read as follows: “The deduction allowed by section 1220.”


Subsec. (a)(7). Pub. L. 99–514, § 1873(c)(3), struck out “to the extent attributable to contributions made on behalf of such individual” after “section 494.”


Pub. L. 99–514, § 132(c), struck out par. (8) which related to moving expense deduction and read as follows: “The deduction allowed by section 221.”

Subsec. (a)(9) to (15). Pub. L. 99–514, § 301(b)(1), redesignated pars. (12) to (15) as (9) to (12), respectively. Former pars. (10) and (11) redesignated (7) and (8), respectively.

Subsec. (a)(16). Pub. L. 99–514, § 131(b)(1), struck out par. (16) which related to deduction for two-earner married couples and read as follows: “The deduction allowed by section 221.”


1984—Par. (7). Pub. L. 98–369, § 1491(d)(2), substituted “and annuity” for “annuity, and bond purchase” in heading, and substituted “the deduction allowed by section 494” for “the deductions allowed by section 494 and section 406(c)” in text.


Par. (14). Pub. L. 97–34, § 112(b)(2), redesignated par. (15) as (14). Former par. (14), relating to deduction for certain expenses of living abroad, was struck out.


1976—Par. (10). Pub. L. 94–455, § 1501(b)(1), inserted reference to the deduction allowed by section 220 (relating to retirement savings for certain married individuals). Pars. (11), (12). Pub. L. 94–455, § 1501(b)(9), (9), redesignated par. (11) relating to penalties forfeited because of premature withdrawal of funds from time savings accounts or deposits, as par. (12), and substituted “trade or business, to the extent” for “trade or business to the extent”.


Par. (11). Pub. L. 93–483 added par. (11) relating to penalties forfeited because of premature withdrawal of funds from time savings accounts or deposits. Another par. (11) relating to certain portions of lump-sum distributions from pension plans taxed under section 402(e) of this title, was added by Pub. L. 93–406, § 2002(c)(9).


Effective Date of 2017 Amendment

Amendment by section 11002(d)(1)(J) of Pub. L. 115–97 applicable to taxable years beginning after Dec. 31, 2017, see section 11002(e) of Pub. L. 115–97, set out as a note under section 1 of this title.

Pub. L. 115–97, title I, § 1101(e), Dec. 22, 2017, 131 Stat. 2071, provided that: “The amendments made by this section [enacting section 199A of this title and amending this section and sections 63, 170, 172, 246, 613, 613A, 3402, and 6662 of this title] shall apply to taxable years beginning after December 31, 2017. Amendment by section 11002(d)(2)(A) of Pub. L. 115–97 applicable to any divorce or separation instrument (as defined in former section 71(b)(2) of this title as in effect before Dec. 22, 2017) executed after Dec. 31, 2018, and to such instruments executed on or before Dec. 31, 2018, and modified after Dec. 31, 2018, if the modification expressly provides that the amendment made by section 11661 of Pub. L. 115–97 applies to such modification, see section 11661(e) of Pub. L. 115–97, set out as a note under section 61 of this title.”

Effective Date of 2015 Amendment

Pub. L. 114–113, div. Q, title I, § 104(d), Dec. 18, 2015, 129 Stat. 3046, provided that:

“(1) EXTENSION.—The amendment made by subsection (a) [amending this section] shall apply to taxable years beginning after December 31, 2014.

“(2) MODIFICATIONS.—The amendments made by subsections (b) and (c) [amending this section] shall apply to taxable years beginning after December 31, 2015.”

Effective Date of 2014 Amendment


Amendment by section 221(a)(34)(C) of Pub. L. 113–295 effective Dec. 19, 2014, subject to a savings provision, see section 221(b) of Pub. L. 113–295, set out as a note under section 1 of this title.

Effective Date of 2013 Amendment


Effective Date of 2010 Amendment


Effective Date of 2008 Amendment


Effective Date of 2006 Amendment

this section [amending this section] shall apply to taxable years beginning after December 31, 2005.''

Pub. L. 109–352, div. A, title IV, § 406(d), Dec. 20, 2006, 120 Stat. 2960, provided that: "The amendments made by subsection (a) [amending this section and sections 7443A and 7623 of this title] shall apply to information provided on or after the date of the enactment of this Act [Dec. 20, 2006]."

**Effective Date of 2004 Amendment**


**Effective Date of 2003 Amendment**
Pub. L. 108–173, title XIX, § 1921(k), Dec. 8, 2003, 117 Stat. 2479, provided that: "The amendments made by this section [enacting section 223 and amending section 4980E of this title, amending this section and sections 106, 125, 122, 848, 3231, 3306, 3401, 4973, 4975, 6051, and 6693 of this title, and amending former section 223 of this title as 224] shall apply to taxable years beginning after December 31, 2003.''

Pub. L. 108–121, title I, § 109(c), Nov. 11, 2003, 117 Stat. 1342, provided that: "The amendments made by this section [amending this section and section 162 of this title] shall apply to amounts paid or incurred in tax-

able years beginning after December 31, 2003.''

**Effective Date of 2002 Amendment**
Pub. L. 107–147, title IV, § 406(c), Mar. 9, 2002, 116 Stat. 44, provided that: "The amendments made by this section [amending this section] shall apply to taxable years beginning after December 31, 2001.''

**Effective Date of 2001 Amendment**
Pub. L. 107–16, title IV, § 431(d), June 7, 2001, 115 Stat. 69, provided that: "The amendments made by this section [enacting section 242 of this title, amending this section and sections 86, 135, 137, 219, 221, and 469 of this title, and amending former section 222 of this title as 223] shall apply to payments made in taxable years beginning after December 31, 2001.''

**Effective Date of 1997 Amendment**
Pub. L. 105–34, title II, § 202(e), Aug. 5, 1997, 111 Stat. 809, provided that: "The amendments made by this section [enacting section 221 of this title, amending this section and section 6050 of this title, and amending former section 221 of this title as section 222 of this title] shall apply to any qualified education loan (as defined in section 221(e)(1) of the Internal Revenue Code of 1986, as added by this section) incurred on, before, or after the date of the enactment of this Act [Aug. 5, 1997], but only with respect to—

"(1) any loan interest payment due and paid after December 31, 1997, and

"(2) the portion of the 60-month period referred to in section 221(d) of the Internal Revenue Code of 1986 (as added by this section) after December 31, 1997.''

Pub. L. 105–34, title IX, § 975(b), Aug. 5, 1997, 111 Stat. 898, provided that: "The amendment made by this section [amending this section] shall apply to expenses paid or incurred in taxable years beginning after December 31, 1996.''

**Effective Date of 1996 Amendment**
Pub. L. 104–191, title III, § 301(c), Aug. 21, 1996, 110 Stat. 2052, provided that: "The amendments made by this section [enacting sections 220 and 4980E of this title, amending this section and sections 106, 125, 848, 3231, 3306, 3401, 4973, 4975, 6051, and 6693 of this title, and amending section 220 of this title as section 221] shall apply to taxable years beginning after December 31, 1996.''

Amendment by Pub. L. 104–188 applicable to taxable years beginning after Dec. 31, 1999, with retention of certain transition rules, see section 1401(c) of Pub. L. 104–188, set out as a note under section 402 of this title.

**Effective Date of 1995 Amendment**
Pub. L. 103–66, title XIII, § 13213(k), Aug. 10, 1993, 107 Stat. 475, provided that: "The amendments made by this section [amending this section and sections 762 and 132, 217, 1001, 1016, and 4977 of this title] shall apply to amounts paid or incurred after December 31, 1993; except that the amendments made by subsection (d) [amending sections 82, 132, and 4977 of this title] shall apply to reimbursements or other payments in respect of expenses incurred after such date.''

**Effective Date of 1992 Amendment**
Amendment by Pub. L. 102–486 applicable to property placed in service after June 30, 1993, see section 1913(c) of Pub. L. 102–486, set out as a note under section 35 of this title.


**Effective Date of 1988 Amendment**
Amendment by section 1011(b)(3)(A) of Pub. L. 100–647 effective, except as otherwise provided, as if included in the provision of the Tax Reform Act of 1986, Pub. L. 99–514, to which such amendment relates, see section 1019(a) of Pub. L. 100–647, set out as a note under section 1 of this title.

Pub. L. 100–647, title VI, § 6007(d), Nov. 8, 1988, 102 Stat. 3687, provided that: "The amendments made by this section [amending this section and sections 220 and 221 of this title, and amending former section 221 of this title] shall apply as if included in the amendments made by section 132 of the Tax Reform Act of 1986 [Pub. L. 99–514].''

Pub. L. 100–647, title VII, § 702(b), Oct. 13, 1988, 102 Stat. 2426, provided that: "The amendment made by subsection (a) [amending this section] shall apply to taxable years beginning after December 31, 1988.''

**Effective Date of 1986 Amendment**
Amendment by sections 131(b)(1) and 132(b), (c) of Pub. L. 99–514 applicable to taxable years beginning after Dec. 31, 1986, see section 151(a) of Pub. L. 99–514, set out as a note under section 1 of this title.


**Effective Date of 1984 Amendment**
Pub. L. 98–369, div. A, title IV, § 401(y), July 18, 1984, 98 Stat. 853, provided that: "The amendments and repeals made by subsections (a), (b), and (d) [amending this section, sections 55, 72, 172, 219, 402, 403, 406, 407, 408, 412, 414, 415, 467, 2039, 2517, 3121, 3306, 3401, 4972, 4973, 4975, 6047, 6088, 6104, 6602, 7237, 7676, and 7701 of this title, section 3107 of Title 31, Money and Finance, and section 409 of Title 42, The Public Health and Welfare, and re-
pealing sections 405 and 409 of this title] shall apply to obligations issued after December 31, 1983.”

**Effective Date of 1983 Amendment**

Par. (9) as in effect before date of repeal by Pub. L. 97–354 to remain in effect for years beginning before Jan. 1, 1984, see section 6(b)(1) of Pub. L. 97–354, set out as an Effective Date note under section 3761 of this title.

**Effective Date of 1981 Amendment**


Amendment by sections 112(b)(2) and 311(h)(1) of Pub. L. 97–34 applicable to taxable years ending after Dec. 31, 1981, see sections 113 and 311(i)(1) of Pub. L. 97–34, set out as notes under sections 911 and 219, respectively, of this title.

**Effective Date of 1980 Amendment**

Pub. L. 96–608, §8(b), Dec. 28, 1980, 94 Stat. 3551, provided that: “The amendment made by subsection (a) [amending this section] shall apply to repayments made in taxable years beginning after the date of the enactment of this Act [Dec. 28, 1980].”

Amendment by Pub. L. 96–451, applicable with respect to additions to capital account made after Dec. 31, 1979, see section 301(d) of Pub. L. 96–451, set out as an Effective Date note under section 194 of this title.

**Effective Date of 1978 Amendment; Election of Prior Law**

Amendment by Pub. L. 95–615 applicable to taxable years beginning after Dec. 31, 1977, with provision for election of prior law, see section 209 of Pub. L. 95–615, set out as a note under section 911 of this title.

**Effective Date of 1976 Amendment**


Pub. L. 94–455, title XV, §1501(d), Oct. 4, 1976, 90 Stat. 1775, provided that: “The amendments made by this section [enacting section 220 of this title, amending this section and sections 219, 408, 409, 3401, 4973, and 6047 of this title, and renumbering former section 220 as 221 of this title], other than the amendment made by subsection (b)(3), shall apply to taxable years beginning after December 31, 1976. The amendment made by subsection (b)(3) [amending section 415 of this title] shall apply to years beginning after December 31, 1976.”

Amendment by section 1901(a)(8), (9) of Pub. L. 94–455 applicable with respect to taxable years beginning after Dec. 31, 1976, see section 1901(d) of Pub. L. 94–455, set out as a note under section 2 of this title.

**Effective Date of 1974 Amendment**


**Effective Date of 1969 Amendment**

Amendment by Pub. L. 91–172 applicable with respect to taxable years of electing small business corporations beginning after Dec. 31, 1970, see section 531(d) of Pub. L. 91–172, set out as an Effective Date note under section 1379 of this title.

**Effective Date of 1964 Amendment**

Pub. L. 88–272, title II, §213(d), Feb. 26, 1964, 78 Stat. 52, provided that: “The amendments made by subsections (a) [enacting section 217 and redesignating former section 217 as 218] and (b) [amending this section] shall apply to expenses incurred after December 31, 1963, in taxable years ending after such date. The amendment made by subsection (c) [amending section 403 of this title] shall apply with respect to remittations paid after the seventh day following the date of the enactment of this Act [Feb. 26, 1964].”

**Effective Date of 1962 Amendment**

Amendment by Pub. L. 87–792 applicable to taxable years beginning after Dec. 31, 1962, see section 8 of Pub. L. 87–792, set out as a note under section 22 of this title.

**Savings Provision**

For provisions that nothing in amendment by Pub. L. 101–508 be construed to affect treatment of certain transactions occurring, property acquired, or items of income, loss, deduction, or credit taken into account prior to Nov. 5, 1990, for purposes of determining liability for tax for periods ending after Nov. 5, 1990, see section 11821(b) of Pub. L. 101–508, set out as a note under section 45K of this title.

**Plan Amendments Not Required Until January 1, 1998**

For provisions directing that if any amendments made by subtitle D [(§§1401–1465) of title I of Pub. L. 104–188] require an amendment to any plan or annuity contract, such amendment shall not be required to be made before the first day of the first plan year beginning on or after Jan. 1, 1998, see section 1465 of Pub. L. 104–188, set out as a note under section 401 of this title.

**Plan Amendments Not Required Until January 1, 1994**

For provisions directing that if any amendments made by subtitle B [(§§521–523) of title V of Pub. L. 102–318] require an amendment to any plan, such plan amendment shall not be required to be made before the first plan year beginning on or after Jan. 1, 1994, see section 523 of Pub. L. 102–318, set out as a note under section 401 of this title.

**Plan Amendments Not Required Until January 1, 1989**

For provisions directing that if any amendments made by subtitle A or subtitle C of title XI [(§§1101–1147 and 1171–1177) or title XVIII (§§1800–1899A) of Pub. L. 99–514] require an amendment to any plan, such plan amendment shall not be required to be made before the first plan year beginning on or after Jan. 1, 1989, see section 1140 of Pub. L. 99–514, as amended, set out as a note under section 401 of this title.

**Commuting Expenses**

§ 63. Taxable income defined

(a) In general

Except as provided in subsection (b), for purposes of this subtitle, the term ‘‘taxable income’’ means gross income minus the deductions allowed by this chapter (other than the standard deduction).

(b) Individuals who do not itemize their deductions

In the case of an individual who does not elect to itemize his deductions for the taxable year, for purposes of this subtitle, the term ‘‘taxable income’’ means adjusted gross income, minus—

(1) the standard deduction,

(2) the deduction for personal exemptions provided in section 151, and

(3) the deduction provided in section 199A.

(c) Standard deduction

For purposes of this subtitle—

(1) In general

Except as otherwise provided in this subsection, the term ‘‘standard deduction’’ means the sum of—

(A) the basic standard deduction, and

(B) the additional standard deduction.

(2) Basic standard deduction

For purposes of paragraph (1), the basic standard deduction is—

(A) 200 percent of the dollar amount in effect under subparagraph (C) for the taxable year in the case of—

(i) a joint return, or

(ii) a surviving spouse (as defined in section 2(a)),

(B) $4,400 in the case of a head of household (as defined in section 2(b)), or

(C) $3,000 in any other case.

(3) Additional standard deduction for aged and blind

For purposes of paragraph (1), the additional standard deduction is the sum of each additional amount to which the taxpayer is entitled under subsection (f).

(4) Adjustments for inflation

In the case of any taxable year beginning in a calendar year after 1988, each dollar amount contained in paragraph (2)(B), (2)(C), or (5) or subsection (f) shall be increased by an amount equal to—

(A) such dollar amount, multiplied by

(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, by substituting for ‘‘calendar year 1987’’ in the case of the dollar amounts contained in paragraph (2)(B), (2)(C), or (5)(A) or subsection (f), and

(ii) ‘‘calendar year 1997’’ in the case of the dollar amount contained in paragraph (5)(B).

(5) Limitation on basic standard deduction in the case of certain dependents

In the case of an individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which the individual’s taxable year begins, the basic standard deduction applicable to such individual for such individual’s taxable year shall not exceed the greater of—

(A) $500, or

(B) the sum of $250 and such individual’s earned income.

(6) Certain individuals, etc., not eligible for standard deduction

In the case of—

(A) a married individual filing a separate return where either spouse itemizes deductions,

(B) a nonresident alien individual,

(C) an individual making a return under section 443(a)(1) for a period of less than 12 months on account of a change in his annual accounting period, or

(D) an estate or trust, common trust fund, or partnership,

the standard deduction shall be zero.

(7) Special rules for taxable years 2018 through 2025

In the case of a taxable year beginning after December 31, 2017, and before January 1, 2026—

(A) Increase in standard deduction

Paragraph (2) shall be applied—

(i) by substituting ‘‘$18,000’’ for ‘‘$4,400’’ in subparagraph (B), and

(ii) by substituting ‘‘$12,000’’ for ‘‘$3,000’’ in subparagraph (C).

(B) Adjustment for inflation

(i) In general

Paragraph (4) shall not apply to the dollar amounts contained in paragraphs (2)(B) and (2)(C).

(ii) Adjustment of increased amounts

In the case of a taxable year beginning after 2018, the $18,000 and $12,000 amounts in subparagraph (A) shall each be increased by an amount equal to—

(I) such dollar amount, multiplied by

(II) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting ‘‘2017’’ for ‘‘2016’’ in subparagraph (A)(ii) thereof.

If any increase under this clause is not a multiple of $50, such increase shall be rounded to the next lowest multiple of $50.

(d) Itemized deductions

For purposes of this subtitle, the term ‘‘itemized deductions’’ means the deductions allowable under this chapter other than—

(1) the deductions allowable in arriving at adjusted gross income,