

of Pub. L. 97-448, set out as a note under section 1 of this title.

#### EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by section 204(e) of Pub. L. 97-34 applicable to property placed in service after Dec. 31, 1980, in taxable years ending after that date, see section 209(a) of Pub. L. 97-34, set out as an Effective Date note under section 168 of this title.

Amendment by section 212(d)(2)(F) of Pub. L. 97-34 applicable to expenditures incurred after Dec. 31, 1981, in taxable years ending after such date, see section 212(e) of Pub. L. 97-34, set out as a note under section 46 of this title.

#### EFFECTIVE DATE OF 1980 AMENDMENTS

Amendment by Pub. L. 96-223 applicable to taxable years beginning after Dec. 31, 1979, see section 251(b) of Pub. L. 96-223, set out as an Effective Date note under section 193 of this title.

Amendment by Pub. L. 96-222 effective, except as otherwise provided, as if it had been included in the provisions of the Revenue Act of 1978, Pub. L. 95-600, to which such amendment relates, see section 201 of Pub. L. 96-222, set out as a note under section 32 of this title.

#### EFFECTIVE DATE OF 1978 AMENDMENT

Amendment by section 404(c)(7) of Pub. L. 95-600 applicable to sales or exchanges after July 26, 1978, in taxable years ending after such date, see section 404(d)(1) of Pub. L. 95-600, set out as a note under section 121 of this title.

Amendment by section 405(c)(4) of Pub. L. 95-600 applicable to sales and exchanges of residences after July 26, 1978, in taxable years ending after such date, see section 405(d) of Pub. L. 95-600, set out as a note under section 1038 of this title.

Amendment by section 701(f)(3)(C), (E) of Pub. L. 95-600 effective as if included within the amendment of subsec. (b)(3) and (4) by section 2124 of Pub. L. 94-455, see section 701(f)(8) of Pub. L. 95-600, set out as an Effective and Termination Dates of 1978 Amendments note under section 167 of this title.

#### EFFECTIVE DATE OF 1976 AMENDMENT

Pub. L. 94-455, title II, §202(d), Oct. 4, 1976, 90 Stat. 1530, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: "The amendments made by this section (other than subsection (b)) [amending this section and section 167 of this title] shall apply for taxable years ending after December 31, 1975. The amendment made by subsection (b) [amending this section] shall apply with respect to proceedings (and to operations of law) referred to in section 1250(d)(10) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] which begin after December 31, 1975."

Amendment by section 1901(b)(3)(K), (31)(A), (B), (E) of Pub. L. 94-455 effective for 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.

Amendment by section 1951(c)(2)(C) of Pub. L. 94-455 applicable to taxable years beginning after Dec. 31, 1976, see section 1951(d) of Pub. L. 94-455, set out as a note under section 72 of this title.

Amendment by section 2122(b)(4) of Pub. L. 94-455 applicable to taxable years beginning after Dec. 31, 1976, and before Jan. 1, 1983, see section 2122(c) of Pub. L. 94-455, as amended by Pub. L. 96-167, 9(c), Dec. 29, 1979, 93 Stat. 1278, set out as a note under section 190 of this title.

Amendment by section 2124(a)(3)(D) of Pub. L. 94-455 applicable with respect to additions to capital accounts made after June 14, 1976 and before June 15, 1981, see section 2124(a)(4) of Pub. L. 94-455, set out as an Effective Date note under section 642 of this title.

#### EFFECTIVE DATE OF 1975 AMENDMENTS

Pub. L. 94-81, §2(c), Aug. 9, 1975, 89 Stat. 418, provided that:

"(1) IN GENERAL.—Except as provided in paragraph (2) the amendments made by this section [amending this section and section 1245 of this title] shall apply to dispositions after December 31, 1969, in taxable years ending after such date.

"(2) ELECTION FOR PAST TRANSACTIONS.—In the case of any disposition occurring before the date of the enactment of this Act [Aug. 9, 1975], the amendments made by this section shall apply only if the organization acquiring the property elects (in the manner provided by regulations prescribed by the Secretary of the Treasury or his delegate) within 1 year after the date of the enactment of this Act to have such amendments apply with respect to such property."

Amendment by Pub. L. 93-625 applicable with respect to property placed in service after Dec. 31, 1973, see section 5(d) of Pub. L. 93-625, set out as a note under section 167 of this title.

#### EFFECTIVE DATE OF 1971 AMENDMENT

Amendment by Pub. L. 92-178 applicable to taxable years ending after Dec. 31, 1971, see section 303(d) of Pub. L. 92-178, set out as a note under section 642 of this title.

#### EFFECTIVE DATE OF 1969 AMENDMENT

Amendment by section 521(b), (c), (e) of Pub. L. 91-172 applicable with respect to taxable years ending after July 24, 1969, see section 521(g) of Pub. L. 91-172, set out as a note under section 167 of this title.

Amendment by section 704(b)(5) of Pub. L. 91-172 applicable to taxable years ending after Dec. 31, 1968, see section 704(c) of Pub. L. 91-172, set out as an Effective Date note under section 169 of this title.

Pub. L. 91-172, title IX, §910(d), Dec. 30, 1969, 83 Stat. 722, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: "The amendments made by this section [enacting section 1039 of this title and amending this section] shall apply to approved dispositions of qualified housing projects (within the meaning of section 1039 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] as added by subsection (a) after October 9, 1969."

#### EFFECTIVE DATE

Pub. L. 88-272, title II, §231(c), Feb. 26, 1964, 78 Stat. 105, provided that: "The amendments made by this section [enacting this section and amending sections 170, 301, 312, 341, 453, 751, and the analysis preceding section 1231 of this title] shall apply to dispositions after December 31, 1963, in taxable years ending after such date."

#### 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.

### **[§ 1251. Repealed. Pub. L. 98-369, div. A, title IV, § 492(a), July 18, 1984, 98 Stat. 853]**

Section, added Pub. L. 91-172, title II, §211(a), Dec. 30, 1969, 83 Stat. 566; amended Pub. L. 92-178, title III, §305(a), Dec. 10, 1971, 85 Stat. 524; Pub. L. 94-455, title II, §206(a), (b)(1), (2), title XIV, §1402(b)(1)(Z), (2), title XIX, §§1901(b)(3)(K), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1535, 1732, 1793, 1834; Pub. L. 97-354, §5(a)(36), Oct. 19, 1982, 96 Stat. 1695; Pub. L. 98-369, div. A, title X, §1001(b)(23), (e), July 18, 1984, 98 Stat. 1012, related to gain from disposition of property used in farming where farm losses offset nonfarm income.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF REPEAL

Repeal applicable to taxable years beginning after Dec. 31, 1983, see section 492(d) of Pub. L. 98-369, set out as an Effective Date of 1984 Amendment note under section 170 of this title.

§ 1252. Gain from disposition of farm land

(a) General rule

(1) Ordinary income

Except as otherwise provided in this section, if farm land which the taxpayer has held for less than 10 years is disposed of, the lower of—

- (A) the applicable percentage of the aggregate of the deductions allowed under section 175 (relating to soil and water conservation expenditures) for expenditures made by the taxpayer with respect to the farm land or
(B) the excess of—

- (i) the amount realized (in the case of a sale, exchange, or involuntary conversion), or the fair market value of the farm land (in the case of any other disposition), over
(ii) the adjusted basis of such land,

shall be treated as ordinary income. Such gain shall be recognized notwithstanding any other provision of this subtitle.

(2) Farm land

For purposes of this section, the term "farm land" means any land with respect to which deductions have been allowed under section 175 (relating to soil and water conservation expenditures).

(3) Applicable percentage

For purposes of this section—

Table with 2 columns: 'If the farm land is disposed of—' and 'The applicable percentage is—'. Rows include: 'Within 5 years after the date it was acquired' (100 percent), 'Within the sixth year after it was acquired' (80 percent), 'Within the seventh year after it was acquired' (60 percent), 'Within the eighth year after it was acquired' (40 percent), 'Within the ninth year after it was acquired' (20 percent), '10 years or more years after it was acquired' (0 percent).

(b) Special rules

Under regulations prescribed by the Secretary, rules similar to the rules of section 1245 shall be applied for purposes of this section.

(Added Pub. L. 91-172, title II, §214(a), Dec. 30, 1969, 83 Stat. 572; amended Pub. L. 94-455, title XIX, §§ 1901(b)(3)(K), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1793, 1834; Pub. L. 98-369, div. A, title IV, §492(b)(5), July 18, 1984, 98 Stat. 854; Pub. L. 99-514, title IV, §402(b)(2), Oct. 22, 1986, 100 Stat. 2221; Pub. L. 113-295, div. A, title II, §221(a)(85), Dec. 19, 2014, 128 Stat. 4049; Pub. L. 115-141, div. U, title IV, §401(b)(32), Mar. 23, 2018, 132 Stat. 1204.)

Editorial Notes

AMENDMENTS

2018—Subsec. (a)(1). Pub. L. 115-141, §401(b)(32)(A), struck out "during a taxable year beginning" after "disposed of" in introductory provisions.

Subsec. (a)(1)(A). Pub. L. 115-141, §401(b)(32)(B), substituted "section" for "sections" and "for expenditures" for "and 182 (as in effect on the day before the date of the enactment of the Tax Reform Act of 1986) for expenditures".

Subsec. (a)(2). Pub. L. 115-141, §401(b)(32)(C), substituted "section" for "sections" and struck out "or 182 (relating to expenditures by farmers for clearing land)" before period at end.

2014—Subsec. (a)(1). Pub. L. 113-295, §221(a)(85)(A), struck out "after December 31, 1969" after "beginning" in introductory provisions.

Subsec. (a)(1)(A). Pub. L. 113-295, §221(a)(85)(B), struck out "after December 31, 1969," after "taxpayer".

1986—Subsec. (a)(1)(A). Pub. L. 99-514 substituted "(as in effect on the day before the date of the enactment of the Tax Reform Act of 1986)" for "(relating to expenditures by farmers for clearing land)".

1984—Subsec. (a)(1). Pub. L. 98-369 struck out "except that this section shall not apply to the extent section 1251 applies to such gain" after "of this subtitle" in last sentence.

1976—Subsec. (a)(1). Pub. L. 94-455, §1901(b)(3)(K), substituted "ordinary income" for "gain from the sale or exchange of property which is neither a capital asset nor property described in section 1231".

Subsec. (b). Pub. L. 94-455, §1906(b)(13)(A), struck out "or his delegate" after "Secretary".

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2014 AMENDMENT

Amendment by 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 1986 AMENDMENT

Amendment by Pub. L. 99-514 applicable to amounts paid or incurred after Dec. 31, 1985, in taxable years ending after such date, see section 402(c) of Pub. L. 99-514, set out as an Effective Date of Repeal note under former section 182 of this title.

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98-369 applicable to taxable years beginning after Dec. 31, 1983, see section 492(d) of Pub. L. 98-369, set out as a note under section 170 of this title.

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by section 1901(b)(3)(K) of Pub. L. 94-455 effective for 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

Pub. L. 91-172, title II, §214(c), Dec. 30, 1969, 83 Stat. 573, provided that: "The amendments made by this section [enacting this section] shall apply to taxable years beginning after December 31, 1969."

SAVINGS PROVISION

For provisions that nothing in amendment by Pub. L. 115-141 be construed to affect treatment of certain transactions occurring, property acquired, or items of income, loss, deduction, or credit taken into account prior to Mar. 23, 2018, for purposes of determining liability for tax for periods ending after Mar. 23, 2018, see section 401(e) of Pub. L. 115-141, set out as a note under section 23 of this title.

§ 1253. Transfers of franchises, trademarks, and trade names

(a) General rule

A transfer of a franchise, trademark, or trade name shall not be treated as a sale or exchange of a capital asset if the transferor retains any