

94-455, title VI, § 603(c), title XIV, § 1402(b)(1)(F), (2), Oct. 4, 1976, 90 Stat. 1574, 1732, related to restricted stock options, prior to repeal by Pub. L. 101-508, title XI, § 11801(a)(21), Nov. 5, 1990, 104 Stat. 1388-521. For savings provisions, see section 11821(b) of Pub. L. 101-508, set out as a note under section 45K of this title.

AMENDMENTS

2018—Subsec. (g). Pub. L. 115-141 substituted “sections 422(a)(2)” for “section 422(a)(2)”.

1996—Subsec. (c)(3)(B). Pub. L. 104-188 substituted “an incentive stock option or an option granted under an employee stock purchase plan” for “a qualified stock option, an incentive stock option, an option granted under an employee stock purchase plan, or a restricted stock option”.

1990—Pub. L. 101-508, § 11801(c)(9)(A)(i), renumbered section 425 of this title as this section.

Subsec. (a). Pub. L. 101-508, § 11801(c)(9)(F)(i), substituted “424(a)” for “425(a)”.

Subsec. (c)(3)(A)(ii). Pub. L. 101-508, § 11801(c)(9)(F)(ii), substituted “422(a)(1) or 423(a)(1)” for “422(a)(1), 422A(a)(1), 423(a)(1), or 424(a)(1)”.

Subsec. (d). Pub. L. 101-508, § 11801(c)(9)(F)(iii), substituted “422(b)(6) and 423(b)(3)” for “422(b)(7), 422A(b)(6), 423(b)(3), and 424(b)(3)”.

Subsec. (g). Pub. L. 101-508, § 11801(c)(9)(F)(iv), substituted “422(a)(2) and 423(a)(2)” for “422(a)(2), 422A(a)(2), 423(a)(2), and 424(a)(2)” and “424(a)” for “425(a)”.

Subsec. (h)(2). Pub. L. 101-508, § 11801(c)(9)(F)(v)(I), added par. (2) and struck out former par. (2) which related to special rules for sections 423 and 424 options and to an exception that such rules would not apply with respect to a modification, extension or renewal of a restricted stock option before Jan. 1, 1964, if the aggregate of the monthly fair market value for 12 consecutive months before date of modification, etc., divided by 12 is an amount less than 80% of the fair market value of such stock on the date of original granting or the date of modification, etc., whichever is higher.

Subsec. (h)(3). Pub. L. 101-508, § 11801(c)(9)(F)(v)(III), struck out at end “If a restricted stock option is exercisable after the expiration of 10 years from the date such option is granted, subparagraph (B) shall not apply unless the terms of the option are also changed to make it not exercisable after the expiration of such period.”

Subsec. (h)(3)(B). Pub. L. 101-508, § 11801(c)(9)(F)(v)(II), substituted “section 423(b)(9)” for “sections 422(b)(6), 423(b)(9), and 424(b)(2)”.

1989—Subsec. (c)(1). Pub. L. 101-239 made technical correction to Pub. L. 100-647, § 1018(l)(2), see 1988 Amendment note below.

1988—Subsec. (c)(1). Pub. L. 100-647, § 1018(l)(2), as amended by Pub. L. 101-239, substituted “paragraphs (2), (3), and (4)” for “paragraphs (2) and (3)”.

Subsec. (c)(4). Pub. L. 100-647, § 1018(l)(1), added par. (4).

1984—Subsec. (h)(3)(B). Pub. L. 98-369 struck out reference to section 422A(b)(5).

1983—Subsec. (c)(1). Pub. L. 97-448, § 102(j)(6)(B), substituted “paragraphs (2) and (3)” for “paragraph (2)”.

Subsec. (c)(3). Pub. L. 97-448, § 102(j)(6)(A), added par. (3).

Subsec. (j). Pub. L. 97-448, § 102(j)(5), inserted reference to an incentive stock option.

1981—Subsec. (d). Pub. L. 97-34, § 251(b)(2), inserted reference to section 422A(b)(6).

Subsec. (g). Pub. L. 97-34, § 251(b)(3), inserted reference to section 422A(a)(2).

Subsec. (h)(3)(B). Pub. L. 97-34, § 251(b)(4), inserted reference to section 422A(b)(5).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by Pub. L. 104-188 effective, except as otherwise expressly provided, as if included in the pro-

vision of the Revenue Reconciliation Act of 1990, Pub. L. 101-508, title XI, to which such amendment relates, see section 1702(i) of Pub. L. 104-188, set out as a note under section 38 of this title.

EFFECTIVE DATE OF 1989 AMENDMENT

Amendment by Pub. L. 101-239 effective, except as otherwise provided, as if included in the provision of the Technical and Miscellaneous Revenue Act of 1988, Pub. L. 100-647, to which such amendment relates, see section 7817 of Pub. L. 101-239, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by 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.

EFFECTIVE DATE OF 1984 AMENDMENT

Pub. L. 98-369, div. A, title V, § 555(c)(3), July 18, 1984, 98 Stat. 898, as amended by Pub. L. 99-514, title XVIII, § 1855(a)(4), Oct. 22, 1986, 100 Stat. 2882, provided that: “The amendment made by subsection (b) [amending this section] shall apply with respect to modifications of options after March 20, 1984.”

EFFECTIVE DATE OF 1983 AMENDMENT

Pub. L. 97-448, title I, § 102(j)(6), Jan. 12, 1983, 96 Stat. 2373, provided that the amendment made by that section is effective only with respect to transfers after March 15, 1982.

Amendment by section 102(j)(5) of title I of Pub. L. 97-448 effective, except as otherwise provided, as if it had been included in the provision of the Economic Recovery Tax Act of 1981, Pub. L. 97-34, to which such amendment relates, see section 109 of Pub. L. 97-448, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by Pub. L. 97-34 applicable with respect to options granted on or after Jan. 1, 1976, and exercised on or after Jan. 1, 1981, or outstanding on Jan. 1, 1981, or granted on or after Jan. 1, 1976, and outstanding Aug. 13, 1981, see section 251(c) of Pub. L. 97-34, set out as an Effective Date note under section 422 of this title.

EFFECTIVE DATE

Section applicable to taxable years ending after Dec. 31, 1963, except in cases of options granted after Dec. 31, 1963, and before Jan. 1, 1965, in which case par. (1) of subsec. (h) shall not apply to any change in the terms of such option made before Jan. 1, 1965, to permit such option to qualify under pars. (3), (4), and (5) of section 422(b), see section 221(e) of Pub. L. 88-272, set out as an Effective Date of 1964 Amendment note under section 421 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.

[§ 425. Renumbered § 424]

PART III—RULES RELATING TO MINIMUM FUNDING STANDARDS AND BENEFIT LIMITATIONS

Subpart

A. Minimum funding standards for pension plans.