

“(B) A partnership is described in this paragraph if—

“(i) before March 6, 1984, the partnership was organized and publicly announced, the maximum amount of interests which would be sold in such partnership, and

“(ii) the marketing of partnership interests in such partnership is completed not later than the 90th day after the date of the enactment of this Act [July 18, 1984] and the aggregate amount of interests in such partnership sold does not exceed the maximum amount described in clause (i).

For purposes of clause (i), the maximum amount taken into account shall be the greatest of the amounts shown in the registration statement, prospectus, or partnership agreement.

“(C) BINDING CONTRACTS.—For purposes of this paragraph, property shall be deemed to have been acquired before January 1, 1986, if such property is acquired pursuant to a written contract which, on January 1, 1986, and at all times thereafter, required the acquisition of such property and such property is placed in service not later than 6 months after the date such contract was entered into.”

#### EFFECTIVE DATE OF 1980 AMENDMENT

Pub. L. 96-605, title I, §110(c), Dec. 28, 1980, 94 Stat. 3526, provided that: “The amendment made by subsection (a) [amending this section] shall apply to taxable years beginning after December 31, 1980.”

#### EXTENSION OF 1980 AMENDMENT OF THIS SECTION TO OTHER PERSONS

Pub. L. 96-605, title I, §110(b), Dec. 28, 1980, 94 Stat. 3526, provided that: “The amendment made by subsection (a) [amending this section] shall not be considered a precedent with respect to extending such amendment (or similar rules) to any other person.”

#### EFFECTIVE DATE OF 1978 AMENDMENT

Amendment by Pub. L. 95-345 applicable with respect to amounts received after Dec. 31, 1976, as payments with respect to securities loans (as defined in section 512(a)(5) of this title), and transfers of securities, under agreements described in section 1058 of this title, occurring after such date, see section 2(e) of Pub. L. 95-345, set out as a note under section 509 of this title.

#### EFFECTIVE DATE OF 1976 AMENDMENT

Pub. L. 94-455, title XIII, §1308(b), Oct. 4, 1976, 90 Stat. 1729, provided that: “The amendment made by this section [amending this section] shall apply to taxable years ending after December 31, 1969.”

Amendment by section 1901(a)(72) 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 1975 AMENDMENT

Amendment by Pub. L. 93-625 effective July 1, 1975, and applicable to amounts outstanding on such date or arising thereafter, see section 7(e) of Pub. L. 93-625, set out as an Effective Date note under section 6621 of this title.

#### EFFECTIVE DATE OF 1969 AMENDMENT

Amendment by Pub. L. 91-172 applicable to taxable years beginning after Dec. 31, 1969, and to the manner of treatment to be accorded indebtednesses secured by certain mortgages on properties bargain-purchased before Oct. 9, 1969, see section 121(g) of Pub. L. 91-172, set out as a note under section 511 of this title.

#### EFFECTIVE DATE OF 1960 AMENDMENT

Amendment by Pub. L. 86-667 applicable to taxable years beginning after Dec. 31, 1959, see section 6 of Pub. L. 86-667, set out as a note under section 501 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.

#### TRANSITION RULE FOR ACQUISITION INDEBTEDNESS WITH RESPECT TO CERTAIN LAND

Pub. L. 99-514, title XVI, §1607, Oct. 22, 1986, 100 Stat. 2771, provided that: “For purposes of applying section 514(c) of the Internal Revenue Code of 1986, with respect to a disposition during calendar year 1986 or calendar year 1987 of land acquired during calendar year 1984, the term ‘acquisition indebtedness’ does not include indebtedness incurred in connection with bonds issued after January 1, 1984, and before July 19, 1984, on behalf of an organization which is a community college and which is described in section 511(a)(2)(B) of such Code.”

### § 515. Taxes of foreign countries and possessions of the United States

The amount of taxes imposed by foreign countries and possessions of the United States shall be allowed as a credit against the tax of an organization subject to the tax imposed by section 511 to the extent provided in section 901; and in the case of the tax imposed by section 511, the term “taxable income” as used in section 901 shall be read as “unrelated business taxable income”.

(Aug. 16, 1954, ch. 736, 68A Stat. 176.)

#### PART IV—FARMERS’ COOPERATIVES

Sec.

521. Exemption of farmers’ cooperatives from tax.  
[522. Repealed.]

#### Editorial Notes

#### AMENDMENTS

1969—Pub. L. 91-172, title I, §101(a), Dec. 30, 1969, 83 Stat. 492, substituted “PART IV” for “PART III” as part designation.

1962—Pub. L. 87-834, §17(b)(5), Oct. 16, 1962, 76 Stat. 1051, struck out item 522 “Tax on farmers’ cooperatives”.

### § 521. Exemption of farmers’ cooperatives from tax

#### (a) Exemption from tax

A farmers’ cooperative organization described in subsection (b)(1) shall be exempt from taxation under this subtitle except as otherwise provided in part I of subchapter T (sec. 1381 and following). Notwithstanding part I of subchapter T (sec. 1381 and following), such an organization shall be considered an organization exempt from income taxes for purposes of any law which refers to organizations exempt from income taxes.

#### (b) Applicable rules

##### (1) Exempt farmers’ cooperatives

The farmers’ cooperatives exempt from taxation to the extent provided in subsection (a) are farmers’, fruit growers’, or like associations organized and operated on a cooperative basis (A) for the purpose of marketing the

products of members or other producers, and turning back to them the proceeds of sales, less the necessary marketing expenses, on the basis of either the quantity or the value of the products furnished by them, or (B) for the purpose of purchasing supplies and equipment for the use of members or other persons, and turning over such supplies and equipment to them at actual cost, plus necessary expenses.

#### (2) Organizations having capital stock

Exemption shall not be denied any such association because it has capital stock, if the dividend rate of such stock is fixed at not to exceed the legal rate of interest in the State of incorporation or 8 percent per annum, whichever is greater, on the value of the consideration for which the stock was issued, and if substantially all such stock (other than non-voting preferred stock, the owners of which are not entitled or permitted to participate, directly or indirectly, in the profits of the association, upon dissolution or otherwise, beyond the fixed dividends) is owned by producers who market their products or purchase their supplies and equipment through the association.

#### (3) Organizations maintaining reserve

Exemption shall not be denied any such association because there is accumulated and maintained by it a reserve required by State law or a reasonable reserve for any necessary purpose.

#### (4) Transactions with nonmembers

Exemption shall not be denied any such association which markets the products of non-members in an amount the value of which does not exceed the value of the products marketed for members, or which purchases supplies and equipment for nonmembers in an amount the value of which does not exceed the value of the supplies and equipment purchased for members, provided the value of the purchases made for persons who are neither members nor producers does not exceed 15 percent of the value of all its purchases.

#### (5) Business for the United States

Business done for the United States or any of its agencies shall be disregarded in determining the right to exemption under this section.

#### (6) Netting of losses

Exemption shall not be denied any such association because such association computes its net earnings for purposes of determining any amount available for distribution to patrons in the manner described in paragraph (1) of section 1388(j).

#### (7) Cross reference

**For treatment of value-added processing involving animals, see section 1388(k).**

(Aug. 16, 1954, ch. 736, 68A Stat. 176; Pub. L. 87-834, §17(b)(1), Oct. 16, 1962, 76 Stat. 1051; Pub. L. 99-272, title XIII, §13210(b), Apr. 7, 1986, 100 Stat. 324; Pub. L. 108-357, title III, §316(b), Oct. 22, 2004, 118 Stat. 1469.)

#### Editorial Notes

##### AMENDMENTS

2004—Subsec. (b)(7). Pub. L. 108-357 added par. (7).

1986—Subsec. (b)(6). Pub. L. 99-272 added par. (6).

1962—Subsec. (a). Pub. L. 87-834 substituted “part I of subchapter T (sec. 1381 and following)” for “section 522” in two places.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 2004 AMENDMENT

Pub. L. 108-357, title III, §316(c), Oct. 22, 2004, 118 Stat. 1469, provided that: “The amendments made by this section [amending this section and section 1388 of this title] shall apply to taxable years beginning after the date of the enactment of this Act [Oct. 22, 2004].”

##### EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-272 applicable to taxable years beginning after Dec. 31, 1986, see section 13210(c) of Pub. L. 99-272, set out as a note under section 1388 of this title.

##### EFFECTIVE DATE OF 1962 AMENDMENT

Amendment by Pub. L. 87-834 applicable, except as otherwise provided, to taxable years of organizations described in section 1381(a) of this title beginning after Dec. 31, 1962, see section 17(c) of Pub. L. 87-834, set out as an Effective Date note under section 1381 of this title.

#### [§ 522. Repealed. Pub. L. 87-834, § 17(b)(2), Oct. 16, 1962, 76 Stat. 1051]

Section, act Aug. 16, 1954, ch. 736, 68A Stat. 177, related to tax on farmers’ cooperatives.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF REPEAL

Repeal applicable, except as otherwise provided, to taxable years of organizations described in section 1381(a) of this title beginning after Dec. 31, 1962, see section 17(c) of Pub. L. 87-834, set out as an Effective Date note under section 1381 of this title.

#### PART V—SHIPOWNERS’ PROTECTION AND INDEMNITY ASSOCIATIONS

Sec.

526. Shipowners’ protection and indemnity associations.

#### Editorial Notes

##### AMENDMENTS

1969—Pub. L. 91-172, title I, §101(a), Dec. 30, 1969, 83 Stat. 492, substituted “PART V” for “PART IV” as part designation.

#### § 526. Shipowners’ protection and indemnity associations

There shall not be included in gross income the receipts of shipowners’ mutual protection and indemnity associations not organized for profit, and no part of the net earnings of which inures to the benefit of any private shareholder; but such corporations shall be subject as other persons to the tax on their taxable income from interest, dividends, and rents.

(Aug. 16, 1954, ch. 736, 68A Stat. 178.)

#### PART VI—POLITICAL ORGANIZATIONS

Sec.

527. Political organizations.