

retary of the Treasury or the Secretary of Labor (or the delegate of either such Secretary) under any provision of this section, and

“(ii) on or before the last day of the first plan year beginning on or after January 1, 2025, or such later date as the Secretary of the Treasury (or the Secretary’s delegate) may prescribe.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), clause (ii) shall be applied by substituting the date which is 2 years after the date otherwise applied under clause (ii).

“(B) CONDITIONS.—This subsection shall not apply to any amendment unless—

“(i) during the period—

“(I) beginning on the date that this section or the regulation described in subparagraph (A)(i) takes effect (or in the case of a plan or contract amendment not required by this section or such regulation, the effective date specified by the plan), and

“(II) ending on the date described in subparagraph (A)(ii) (or, if earlier, the date the plan or contract amendment is adopted), the plan or contract is operated as if such plan or contract amendment were in effect, and

“(ii) such plan or contract amendment applies retroactively for such period.”

[Pub. L. 116-260, div. N, title II, §280(b), Dec. 27, 2020, 134 Stat. 1982, provided that: “The amendment made by this section [amending section 2202 of Pub. L. 116-136, set out above] shall apply as if included in the enactment of section 2202 of the CARES Act [Pub. L. 116-136, approved Mar. 27, 2020].”]

APPLICABILITY OF SUBSECTION (t)

Pub. L. 100-647, title I, §1011A(c)(13), Nov. 10, 1988, 102 Stat. 3476, provided that: “Section 72(t) of the 1986 Code shall apply to any distribution without regard to whether such distribution is made without the consent of the participant pursuant to section 411(a)(11) or section 417(e) of the 1986 Code.”

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.

DEFINITION OF TERMS USED IN TITLE I OF PUB. L. 110-458

Pub. L. 110-458, title I, §100, Dec. 23, 2008, 122 Stat. 5093, provided that: “For purposes of this title [see Tables for classification]:

“(1) AMENDMENT OF 1986 CODE.—The term ‘1986 Code’ means the Internal Revenue Code of 1986.

“(2) AMENDMENT OF ERISA.—The term ‘ERISA’ means the Employee Retirement Income Security Act of 1974 [Pub. L. 93-406; see Short Title note under section 1001 of Title 29, Labor].

“(3) 2006 ACT.—The term ‘2006 Act’ means the Pension Protection Act of 2006 [Pub. L. 109-280; see Short Title of 2006 Amendment note under section 1001 of Title 29, Labor].”

§ 73. Services of child

(a) Treatment of amounts received

Amounts received in respect of the services of a child shall be included in his gross income and not in the gross income of the parent, even though such amounts are not received by the child.

(b) Treatment of expenditures

All expenditures by the parent or the child attributable to amounts which are includible in the gross income of the child (and not of the parent) solely by reason of subsection (a) shall be treated as paid or incurred by the child.

(c) Parent defined

For purposes of this section, the term “parent” includes an individual who is entitled to the services of a child by reason of having parental rights and duties in respect of the child.

(d) Cross reference

For assessment of tax against parent in certain cases, see section 6201(c).

(Aug. 16, 1954, ch. 736, 68A Stat. 24.)

§ 74. Prizes and awards

(a) General rule

Except as otherwise provided in this section or in section 117 (relating to qualified scholarships), gross income includes amounts received as prizes and awards.

(b) Exception for certain prizes and awards transferred to charities

Gross income does not include amounts received as prizes and awards made primarily in recognition of religious, charitable, scientific, educational, artistic, literary, or civic achievement, but only if—

(1) the recipient was selected without any action on his part to enter the contest or proceeding;

(2) the recipient is not required to render substantial future services as a condition to receiving the prize or award; and

(3) the prize or award is transferred by the payor to a governmental unit or organization described in paragraph (1) or (2) of section 170(c) pursuant to a designation made by the recipient.

(c) Exception for certain employee achievement awards

(1) In general

Gross income shall not include the value of an employee achievement award (as defined in section 274(j)) received by the taxpayer if the cost to the employer of the employee achievement award does not exceed the amount allowable as a deduction to the employer for the cost of the employee achievement award.

(2) Excess deduction award

If the cost to the employer of the employee achievement award received by the taxpayer

exceeds the amount allowable as a deduction to the employer, then gross income includes the greater of—

(A) an amount equal to the portion of the cost to the employer of the award that is not allowable as a deduction to the employer (but not in excess of the value of the award), or

(B) the amount by which the value of the award exceeds the amount allowable as a deduction to the employer.

The remaining portion of the value of such award shall not be included in the gross income of the recipient.

(3) Treatment of tax-exempt employers

In the case of an employer exempt from taxation under this subtitle, any reference in this subsection to the amount allowable as a deduction to the employer shall be treated as a reference to the amount which would be allowable as a deduction to the employer if the employer were not exempt from taxation under this subtitle.

(4) Cross reference

For provisions excluding certain de minimis fringes from gross income, see section 132(e).

(d) Exception for Olympic and Paralympic medals and prizes

(1) In general

Gross income shall not include the value of any medal awarded in, or any prize money received from the United States Olympic Committee on account of, competition in the Olympic Games or Paralympic Games.

(2) Limitation based on adjusted gross income

(A) In general

Paragraph (1) shall not apply to any taxpayer for any taxable year if the adjusted gross income (determined without regard to this subsection) of such taxpayer for such taxable year exceeds \$1,000,000 (half of such amount in the case of a married individual filing a separate return).

(B) Coordination with other limitations

For purposes of sections 85(c), 86, 135, 137, 219, 221, and 469, adjusted gross income shall be determined after the application of paragraph (1) and before the application of subparagraph (A).

(Aug. 16, 1954, ch. 736, 68A Stat. 24; Pub. L. 99-514, title I, §§122(a)(1), 123(b)(1), Oct. 22, 1986, 100 Stat. 2109, 2113; Pub. L. 114-239, §2(a), Oct. 7, 2016, 130 Stat. 973; Pub. L. 115-97, title I, §13305(b)(1), Dec. 22, 2017, 131 Stat. 2126; Pub. L. 116-260, div. EE, title I, §104(b)(2)(B), Dec. 27, 2020, 134 Stat. 3041; Pub. L. 117-2, title IX, §9042(b)(1), Mar. 11, 2021, 135 Stat. 122.)

Editorial Notes

AMENDMENTS

2021—Subsec. (d)(2)(B). Pub. L. 117-2 inserted “85(c),” before “86”.

2020—Subsec. (d)(2)(B). Pub. L. 116-260 struck out “222,” after “221.”

2017—Subsec. (d)(2)(B). Pub. L. 115-97 struck out “199,” after “137.”

2016—Subsec. (d). Pub. L. 114-239 added subsec. (d).

1986—Subsec. (a). Pub. L. 99-514, §123(b)(1), which directed that subsec. (a) be amended by substituting “(relating to qualified scholarships)” for “(relating to scholarship and fellowship grants)”, was executed by making the substitution for “(relating to scholarships and fellowship grants)” to reflect the probable intent of Congress.

Pub. L. 99-514, §122(a)(1)(A), substituted “Except as otherwise provided in this section or” for “Except as provided in subsection (b) and”.

Subsec. (b). Pub. L. 99-514, §122(a)(1)(B), (C), inserted “for certain prizes and awards transferred to charities” in heading and added par. (3).

Subsec. (c). Pub. L. 99-514, §122(a)(1)(D), added subsec. (c).

Statutory Notes and Related Subsidiaries

CHANGE OF NAME

References to the United States Olympic Committee deemed to refer to the United States Olympic and Paralympic Committee, see section 220502(c) of Title 36, Patriotic and National Observances, Ceremonies, and Organizations.

EFFECTIVE DATE OF 2021 AMENDMENT

Pub. L. 117-2, title IX, §9042(c), Mar. 11, 2021, 135 Stat. 122, provided that: “The amendments made by this section [amending this section and sections 85, 86, 135, 137, 219, 221, 222, and 469 of this title] shall apply to taxable years beginning after December 31, 2019.”

EFFECTIVE DATE OF 2020 AMENDMENT

Amendment by Pub. L. 116-260 applicable to taxable years beginning after Dec. 31, 2020, see section 104(c) of div. EE of Pub. L. 116-260, set out as a note under section 25A of this title.

EFFECTIVE DATE OF 2017 AMENDMENT

Pub. L. 115-97, title I, §13305(c), Dec. 22, 2017, 131 Stat. 2126, as amended by Pub. L. 115-141, div. T, §101(c), Mar. 23, 2018, 132 Stat. 1156, provided that:

“(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section [amending this section and sections 86, 135, 137, 170, 172, 219, 221, 222, 246, 469, 613, and 613A of this title and repealing section 199 of this title] shall apply to taxable years beginning after December 31, 2017.

“(2) TRANSITION RULE FOR QUALIFIED PAYMENTS OF PATRONS OF COOPERATIVES.—

“(A) IN GENERAL.—The amendments made by this section shall not apply to a qualified payment received by a taxpayer from a specified agricultural or horticultural cooperative in a taxable year of the taxpayer beginning after December 31, 2017, which is attributable to qualified production activities income with respect to which a deduction is allowable to the cooperative under section 199 of the Internal Revenue Code of 1986 (as in effect before the amendments made by this section) for a taxable year of the cooperative beginning before January 1, 2018. Any term used in this subparagraph which is also used in section 199 of such Code (as so in effect) shall have the same meaning as when used in such section.

“(B) COORDINATION WITH SECTION 199A.—No deduction shall be allowed under section 199A of such Code for any qualified payment to which subparagraph (A) applies.”

[Amendment by Pub. L. 115-141 to section 13305(c) of Pub. L. 115-97, set out above, effective as if included in section 13305 of Pub. L. 115-97, see section 101(d) of Pub. L. 115-141, set out as a note under section 62 of this title.]

EFFECTIVE DATE OF 2016 AMENDMENT

Pub. L. 114-239, §2(b), Oct. 7, 2016, 130 Stat. 973, provided that: “The amendment made by this section

[amending this section] shall apply to prizes and awards received after December 31, 2015.”

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by section 122(a)(1) of Pub. L. 99-514 applicable to prizes and awards granted after Dec. 31, 1986, see section 151(c) of Pub. L. 99-514, set out as a note under section 1 of this title.

Amendment by section 123(b)(1) of Pub. L. 99-514 applicable to taxable years beginning after Dec. 31, 1986, but only in the case of scholarships and fellowships granted after Aug. 16, 1986, see section 151(d) of Pub. L. 99-514, set out as a note under section 1 of this title.

APPLICABILITY OF CERTAIN AMENDMENTS BY PUBLIC LAW 99-514 IN RELATION TO TREATY OBLIGATIONS OF UNITED STATES

For nonapplication of amendment by section 123(b)(1) of Pub. L. 99-514 to the extent application of such amendment would be contrary to any treaty obligation of the United States in effect on Oct. 22, 1986, see section 1012(aa)(3) of Pub. L. 100-647, set out as a note under section 861 of this title.

§ 75. Dealers in tax-exempt securities

(a) Adjustment for bond premium

In computing the gross income of a taxpayer who holds during the taxable year a municipal bond (as defined in subsection (b)(1)) primarily for sale to customers in the ordinary course of his trade or business—

(1) if the gross income of the taxpayer from such trade or business is computed by the use of inventories and his inventories are valued on any basis other than cost, the cost of securities sold (as defined in subsection (b)(2)) during such year shall be reduced by an amount equal to the amortizable bond premium which would be disallowed as a deduction for such year by section 171(a)(2) (relating to deduction for amortizable bond premium) if the definition in section 171(d) of the term “bond” did not exclude such municipal bond; or

(2) if the gross income of the taxpayer from such trade or business is computed without the use of inventories, or by use of inventories valued at cost, and the municipal bond is sold or otherwise disposed of during such year, the adjusted basis (computed without regard to this paragraph) of the municipal bond shall be reduced by the amount of the adjustment which would be required under section 1016(a)(5) (relating to adjustment to basis for amortizable bond premium) if the definition in section 171(d) of the term “bond” did not exclude such municipal bond.

Notwithstanding the provisions of paragraph (1), no reduction to the cost of securities sold during the taxable year shall be made in respect of any obligation described in subsection (b)(1)(A)(ii) which is held by the taxpayer at the close of the taxable year; but in the taxable year in which any such obligation is sold or otherwise disposed of, if such obligation is a municipal bond (as defined in subsection (b)(1)), the cost of securities sold during such year shall be reduced by an amount equal to the adjustment described in paragraph (2), without regard to the fact that the taxpayer values his inventories on any basis other than cost.

(b) Definitions

For purposes of subsection (a)—

(1) The term “municipal bond” means any obligation issued by a government or political subdivision thereof if the interest on such obligation is excludable from gross income; but such term does not include such an obligation if—

(A)(i) it is sold or otherwise disposed of by the taxpayer within 30 days after the date of its acquisition by him, or

(ii) its earliest maturity or call date is a date more than 5 years from the date on which it was acquired by the taxpayer; and

(B) when it is sold or otherwise disposed of by the taxpayer—

(i) in the case of a sale, the amount realized, or

(ii) in the case of any other disposition, its fair market value at the time of such disposition,

is higher than its adjusted basis (computed without regard to this section and section 1016(a)(6)).

Determinations under subparagraph (B) shall be exclusive of interest.

(2) The term “cost of securities sold” means the amount ascertained by subtracting the inventory value of the closing inventory of a taxable year from the sum of—

(A) the inventory value of the opening inventory for such year, and

(B) the cost of securities and other property purchased during such year which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year.

(Aug. 16, 1954, ch. 736, 68A Stat. 25; Pub. L. 85-866, title I, § 2(a), Sept. 2, 1958, 72 Stat. 1606.)

Editorial Notes

AMENDMENTS

1958—Subsec. (a). Pub. L. 85-866, § 2(a)(2), (3), struck out “short-term” each place it appeared, and inserted sentence to provide that no reduction to cost of securities sold during taxable year shall be made in respect of subsec. (b)(1)(A)(ii) obligations held at close of year, and to permit reduction in cost of securities sold in taxable year sold if obligation is municipal bond.

Subsec. (b)(1). Pub. L. 85-866, § 2(a)(1), substituted “municipal bond” for “short-term municipal bond”, designated former subpars. (A) and (B) as (A)(i) and (ii), respectively, and added subpar. (B).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1958 AMENDMENT

Pub. L. 85-866, § 2(c), Sept. 2, 1958, 72 Stat. 1607, provided that: “The amendments made by subsections (a) and (b) [amending this section and section 1016 of this title] shall apply with respect to taxable years ending after December 31, 1957, but only with respect to obligations acquired after such date.”

[§ 76. Repealed. Pub. L. 94-455, title XIX, § 1901(a)(14), Oct. 4, 1976, 90 Stat. 1765]

Section, act Aug. 16, 1954, ch. 736, 68A Stat. 25, related to inclusion in gross of all income derived from mortgages made, or obligations issued, by a joint-stock land bank.

§ 77. Commodity credit loans

(a) Election to include loans in income

Amounts received as loans from the Commodity Credit Corporation shall, at the election