

of such Code (26 U.S.C. 172) for the taxable year in which the withdrawal occurs.

(4) COORDINATION WITH DEDUCTION FOR NET OPERATING LOSSES.—A nonqualified withdrawal excluded from gross income under paragraph (1) shall be excluded in determining taxable income under section 172(b)(2) of such Code (26 U.S.C. 172(b)(2)).

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1597; Pub. L. 112-240, title I, §102(c)(1)(E), Jan. 2, 2013, 126 Stat. 2319.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
53511	46 App.:1177(h) (less (2) (last sentence)).	June 29, 1936, ch. 858, title VI, §607(h) (less (2) (last sentence)), 49 Stat. 2005; June 23, 1938, ch. 600, §§23-28, 52 Stat. 960; Aug. 4, 1939, ch. 417, §10, 53 Stat. 1185; July 17, 1952, ch. 939, §§17-19, 66 Stat. 764; Pub. L. 85-637, Aug. 14, 1958, 72 Stat. 216; Pub. L. 86-518, §1, June 12, 1960, 74 Stat. 216; Pub. L. 87-45, §6, May 27, 1961, 75 Stat. 91; Pub. L. 87-271, Sept. 21, 1961, 75 Stat. 570; restated Pub. L. 91-469, §21(a), Oct. 21, 1970, 84 Stat. 1030; Pub. L. 97-31, §12(97)(A), Aug. 6, 1981, 95 Stat. 162; Pub. L. 99-514, title II, §261(e)(6), Oct. 22, 1986, 100 Stat. 2215; Pub. L. 100-647, title I, §1002(m)(2), Nov. 10, 1988, 102 Stat. 3382; Pub. L. 101-508, title XI, §11101(d)(7)(B), Nov. 5, 1990, 104 Stat. 1388-405; Pub. L. 105-34, title III, §311(c)(2), Aug. 5, 1997, 111 Stat. 835; Pub. L. 108-27, title III, §301(a)(2)(E), May 28, 2003, 117 Stat. 758.

In subsection (c)(3)(C), the words “or in the case of any nonqualified withdrawal arising from the application of the recapture provision of section 1176(5) of this Appendix as in effect on December 31, 1969” are omitted as obsolete.

In subsection (d), the words “made in a taxable year beginning in 1970 or 1971 is 8 percent” are omitted as obsolete.

Editorial Notes

REFERENCES IN TEXT

Section 1201 of such Code, referred to in subsec. (f)(2), means section 1201 of the Internal Revenue Code of 1986, act Aug. 16, 1954, ch. 736, 68A Stat. 320, which was repealed by Pub. L. 115-97, title I, §13001(b)(2)(A), Dec. 22, 2017, 131 Stat. 2096, applicable to taxable years beginning after Dec. 31, 2017.

AMENDMENTS

2013—Subsec. (f)(2). Pub. L. 112-240 substituted “20 percent” for “15 percent”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2013 AMENDMENT

Amendment by Pub. L. 112-240 applicable to taxable years beginning after Dec. 31, 2012, see section 102(d)(1) of Pub. L. 112-240, set out as a note under section 1 of Title 26, Internal Revenue Code.

APPLICATION OF SUNSET PROVISION TO SUBSECTION (f)(2)

Pub. L. 110-181, div. C, title XXXV, §3528, Jan. 28, 2008, 122 Stat. 603, provided that: “For purposes of section 303 of the Jobs and Growth Tax Relief Reconciliation Act of 2003 (Public Law 108-27, [former] 26 U.S.C. 1 note), the amendment made by section 301(a)(2)(E) of that Act [which amended section 1177(h)(6)(A) of the former Appendix to this title from which subsec. (f)(2) of this section was derived by substituting “15 percent” for “20 percent”] shall be deemed to have been made to section 53511(f)(2) of title 46, United States Code.”

[Section 303 of Pub. L. 108-27 was repealed by Pub. L. 112-240, title I, §102(a), Jan. 2, 2013, 126 Stat. 2318.]

§ 53512. FIFO and LIFO withdrawals

(a) FIFO.—Except as provided in subsection (b), an amount withdrawn from an account under this chapter shall be treated as withdrawn on a first-in-first-out basis.

(b) LIFO.—An amount withdrawn from an account under this chapter shall be treated as withdrawn on a last-in-first-out basis if it is—

(1) a nonqualified withdrawal for research, development, and design expenses incident to new and advanced vessel design, machinery, and equipment; or

(2) an amount treated as a nonqualified withdrawal under section 53510(d) of this title.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1599.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
53512	46 App.:1177(h)(2) (last sentence).	June 29, 1936, ch. 858, title VI, §607(h)(2) (last sentence), 49 Stat. 2005; June 23, 1938, ch. 600, §§23-28, 52 Stat. 960; Aug. 4, 1939, ch. 417, §10, 53 Stat. 1185; July 17, 1952, ch. 939, §§17-19, 66 Stat. 764; Pub. L. 85-637, Aug. 14, 1958, 72 Stat. 216; Pub. L. 86-518, §1, June 12, 1960, 74 Stat. 216; Pub. L. 87-45, §6, May 27, 1961, 75 Stat. 91; Pub. L. 87-271, Sept. 21, 1961, 75 Stat. 570; restated Pub. L. 91-469, §21(a), Oct. 21, 1970, 84 Stat. 1030.

§ 53513. Corporate reorganizations and partnership changes

Under joint regulations—

(1) a transfer of a capital construction fund from one person to another person in a transaction to which section 381 of the Internal Revenue Code of 1986 (26 U.S.C. 381) applies may be treated as if the transaction is not a nonqualified withdrawal; and

(2) a similar rule shall be applied to a continuation of a partnership (within the meaning of subchapter K of chapter 1 of such Code (26 U.S.C. 701 et seq.)).

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1599.)