

**JULY 2002**

**THE COMPLETE**  
**Internal  
Revenue Code**

All the Income, Estate & Gift, Employment, Excise, Procedure and Administrative Provisions

Updated to reflect all tax legislation through June 30, 2002

Includes all changes contained in the  
Job Creation and Worker Assistance Act of 2002



A THOMSON COMPANY

Visit [www.riahome.com](http://www.riahome.com) – Gateway to RIA's Research & Practice Aids

# The Complete Internal Revenue Code

For customer service or to obtain the name and telephone number of your local account representative, please call 1-800-431-9025.

Additional copies of this product are available, at a fee. Please call 1-800-950-1216 or visit our Product Store at [www.RIAHOME.com](http://www.RIAHOME.com) to order.



A THOMSON COMPANY

Copyright 2002, 2001, 2000, 1999, ~~1998, 1997, 1996, 1995~~, 1994, 1993, 1992, 1991,  
1990, 1989, ~~1988, 1987, 1986, 1985~~, 1984, 1983, 1982, 1981, 1980,  
1979, ~~1978, 1977, 1976, 1975~~, 1974, 1973, 1972, 1971, 1970

**Research Institute of America, Inc.**  
395 Hudson Street, New York, NY 10014

Copyright is not claimed in any material secured from  
official U.S. Government sources.

Any gaps in the numbering of pages are intentional and are intended to allow for editorial growth and  
expansion.

**Internal Revenue Code  
as amended through June 30, 2002**

	<i>Page</i>
Index to Code .....	101
Amending Acts Table .....	401
Table of Sections .....	501
Income tax .....	1,001
Estate tax .....	6,001
Gift tax .....	6,064
Employment taxes .....	7,001
Excise taxes .....	8,001
Alcohol, tobacco, etc., taxes .....	8,177
Procedure and administration .....	9,001

# Index to Internal Revenue Code

CODE SEC.

CODE SEC.

## A

**Abandoned spouse**

- . child support obligations, collection of . . . . . 6305
- . generally . . . . . 7703

**Abatements (See also Refunds and credits)**

- . armed forces members . . . . . 692
- . claims for . . . . . 6403
- . deficiency disallowed . . . . . 7486
- . distilled spirits tax . . . . . 5008; 5064
- . erroneous written advice by IRS . . . . . 6404
- . estate tax claim . . . . . 6404
- . first-tier taxes . . . . . 4962
- . generally . . . . . 6404; 7486
- . insolvent banks . . . . . 7507
- . jeopardy assessment . . . . . 6861
- . mathematical and clerical errors as basis . . . . . 6213; 6404
- . private foundations . . . . . 507; 4961 et seq.
- . second-tier taxes . . . . . 4961
- . Section 501(c)(3) organizations . . . . . 4962
- . small balances . . . . . 6404

**Abroad, citizens living (See Income earned abroad)**

**Abusive tax shelters**

- . promotion of
- . . . . . injunctions against . . . . . 7408
- . . . . . list of investors . . . . . 6112; 6709
- . . . . . failure to maintain . . . . . 6708
- . . . . . penalties . . . . . 6700; 6703
- . . . . . refunds, suit for . . . . . 7422

**Abusive transactions**

- . bonds
- . . . . . refunding . . . . . 149

**Academy zone bonds (See Zone academy bonds)**

**Accelerated cost recovery system (ACRS) (See also Depreciation)**

- . generally . . . . . 168
- . intangible drilling and development costs . . . . . 57
- . pollution control facilities . . . . . 291
- . pre-1987 property . . . . . 57
- . straight-line recovery method
- . . . . . tax preference items . . . . . 57

**Accelerated death benefit riders**

- . life insurance, treatment as . . . . . 818

**Acceleration of tax rate**

- . 10 percent income tax rate for 2001, acceleration of . . . . . 6428

**Access for disabled individuals, credit for providing**

- . . . . . 44

## Accessories (See Parts and accessories)

### Accident and health plans

- . annuity contracts combined with . . . . . 848
- . cafeteria plans . . . . . 125
- . continuation coverage . . . . . 4980B
- . discounted unpaid losses . . . . . 846
- . employer contributions
- . . . . . amounts attributable to . . . . . 105
- . . . . . employee's gross income, exclusion from . . . . . 106
- . . . . . large group plans, nonconforming . . . . . 5000
- . generally . . . . . 105
- . Indian tribal government, treatment as state . . . . . 7871
- . injuries and sickness, compensation for . . . . . 104
- . large group, excise tax on nonconforming plan . . . . . 5000
- . long-term care insurance (See Long-term care insurance)
- . qualifying organizations . . . . . 833
- . retired employees
- . . . . . medical benefits . . . . . 401
- . . . . . transfer of excess pension assets . . . . . 420
- . S corporation stockholders . . . . . 162
- . self-employed individuals . . . . . 162
- . . . . . reimbursements . . . . . 3401
- . . . . . undiscounted, unpaid losses . . . . . 846

### Account numbers (See Identification numbers)

**Accounting for collected taxes** . . . . . 7512

### Accounting methods

- . accrual . . . . . 446
- . adjustments . . . . . 481 et seq.
- . . . . . allocations
- . . . . . income and deductions among taxpayers . . . . . 482
- . . . . . new accounting method, under . . . . . 481
- . . . . . 3-year . . . . . 481
- . . . . . deferred payment sales, interest on . . . . . 483
- . . . . . interest, deferred payment sales . . . . . 483
- . . . . . limitation on tax, substantial adjustments . . . . . 481
- . at risk limitations . . . . . 465
- . bankruptcy . . . . . 1398
- . banks, reserve for bad debts . . . . . 585; 593
- . books and records . . . . . 446
- . carryovers, acquiring corporations . . . . . 381
- . cash basis
- . . . . . election, imputed interest . . . . . 1274A
- . . . . . limitation . . . . . 448
- . cash receipts and disbursements . . . . . 446
- . change in . . . . . 446
- . . . . . adjustments . . . . . 481 et seq.
- . . . . . failure to request change . . . . . 446
- . . . . . functional currency change treated as . . . . . 985

	CODE SEC.		CODE SEC.
<b>Accounting methods — Cont'd</b>		<b>Accounting methods — Cont'd</b>	
. collected taxes	7512	. <i>state or local governments — Cont'd</i>	
. completed contract method of accounting		. deferred compensation plans	457
. earnings and profits of corporation	312	. 10-percent method	
. crop insurance proceeds	451	. long-term contracts	460
. dealers in personal property	453	. time to report income	451 et seq.
. death of taxpayer	451	. tips	451
. deferred payment sales, imputed interest	1274A	<b>Accounting periods</b>	
. discount bonds and notes	454	. adjustment in deduction for personal exemption	443
. employee tips	451	. annual	441
. exceptions	446	. change	443
. exempt organizations		. insurance companies	843
. deferred compensation plans	457	. books and records	441
. failure to request change	446	. calendar year (See Calendar year)	
. farming corporations	447	. change in	442; 443
. farming syndicates	464	. accumulated earnings tax	536
. foreign tax credit	905	. 52-53-week year	441
. frozen deposits	451	. foreign personal holding companies	557
. generally	446 et seq.	. partner and partnership	706
. installment method	453	. personal holding company tax	546
. gains and losses	453B	. real estate investment trusts	857; 859
. installment sales	453 et seq.	. returns	6012
. nondealers	453A	. collected taxes	7512
. inventories	471 et seq.	. computation of taxable income	441
. last-in, first-out	472	. 52-53-week year	441
. life insurance companies	811	. fiscal year (See Fiscal year)	
. contiguous country branches	814	. generally	441 et seq.
. variable contracts	817	. insurance companies	843
. LIFO inventories	472	. partners and partnerships	444; 706; 7519
. long-term contracts	460	. personal service corporations	280H; 444
. magazines, returned	458	. real estate investment trusts	859
. manufacturers excise taxes, like articles	6416	. retention of, election	444
. membership dues income	456	. returns for less than 12 months	443
. mines and mining		. S corporations	444; 7519
. site reclamation and closing expenses	468	. taxable year election other than required year	444
. more than one business	446	. short period (See Short tax year)	
. nuclear power decommissioning costs	468A	<b>Accounting records (See Books and records)</b>	
. obligations issued at discount	454	<b>Accounts receivable</b>	
. paperbacks, returned	458	. capital asset status	1221
. percentage of completion method		. partnership distribution of	735; 751
. long-term contracts	460	. partnership interest	736
. permissible	446	. unrealized	751
. prepaid dues income	456	<b>Accrual basis</b>	
. prepaid subscription income	455	. charitable contributions	170
. public utilities	451	. decedent's income	
. rental agreements	467	. taxable year	451; 461
. returned merchandise	458	. deferred rental agreements	467
. services, use of	467	. foreign tax credit	905
. several businesses	446	. generally	446
. solid waste disposal		. real estate mortgage investment conduits	860B; 860E
. site reclamation and closing expenses	468	. returned merchandise	458
. sound recording, returned	458	. short-term obligations issued on discount basis	454
. state or local governments			

	CODE SEC.		CODE SEC.
<b>Accumulated adjustments account</b> .....	1368	<b>Actuarial reports, employee retirement and benefit plans — Cont'd</b>	
<b>Accumulated earnings credit</b>		<i>information returns — Cont'd</i>	
controlled corporations .....	1551; 1561	periodic report .....	6059
disallowance of .....	1551	prohibited transactions .....	7422
<b>Accumulated earnings tax</b>		<b>Additions to tax (See also Penalties)</b>	
accounting periods, change in .....	536	bankruptcy proceedings .....	6658
burden of proof .....	534	estate tax .....	2032A
capital gains and losses .....	535 et seq.	generally .....	6651 et seq.
charitable contributions .....	535	interest on .....	6601
controlled group of corporations .....	1561	joint return after filing separate returns .....	6013
corporation subject to .....	532	Tax Court jurisdiction .....	6214
credit .....	535	<b>Adjusted basis</b>	
dividends-paid deduction .....	563	alternative minimum tax .....	56
evidence of purpose to avoid income tax .....	533	annuities, sale of .....	1021
generally .....	531 et seq.	bargain sales to charitable organization .....	1011
holding companies .....	535	consenting corporation stock, recognition of gain .....	341
investment companies .....	535	controlled foreign corporation .....	961
jeopardy assessments .....	534	cooperative housing corporations .....	216
net operating loss deduction .....	535	depreciation .....	1245
possession tax credit .....	936	DISC distributions .....	996
rate of tax .....	531	discharge of indebtedness, effect of .....	1017
reasonable needs of business .....	537	earnings and profits computation .....	1503
recovery exclusions .....	111	enhanced oil recovery credit .....	43
special corporate deductions .....	535	generally .....	1016
U.S.-owned foreign corporations .....	535	generation-skipping transfers .....	2654
<b>Accumulated taxable income</b> .....	535	investment credit property .....	50
<b>Accumulation distributions</b>		life insurance company segregated asset accounts .....	817
foreign estates or trusts, foreign tax credit .....	904	low-income housing credit .....	42
generally .....	665 et seq.	market discount bonds .....	1278
<b>Acetylene</b>		mines or deposits	
environmental tax for hazardous waste clean up .....	4661; 4662	development expenditures .....	616
<b>Achievement awards</b>		exploration expenditures .....	617
deduction, disallowance of .....	274	optional adjustment for partnership property .....	743; 754
gross income .....	74	passive foreign investment companies .....	1293
<b>ACRS (See Accelerated cost recovery system (ACRS))</b>		pollution control facilities .....	169
<b>Activities not engaged in for profit (See Not-for-profit activities)</b>		research expenditures .....	1016
<b>Acts of God</b>		S corporation stock .....	1367
casualty losses (See Casualty losses)		Section 1245 property upon dispositions .....	1245
disaster losses (See Disaster losses)		short-term obligations issued at discount .....	1283
fire losses (See Fire losses)		stock and securities	
storm losses (See Storm losses)		acquired in distribution .....	307
<b>Actuarial reports, employee retirement and benefit plans</b>		controlled foreign corporations .....	961
deferred compensation, information returns .....	6058	term interests .....	167; 1001
deficiency assessment .....	7422	undistributed partnership property .....	734
failure to file .....	6692	<b>Adjusted current earnings (ACE)</b>	
funding method .....	412	alternative minimum tax .....	56
information returns		<b>Adjusted gross estate</b>	
deferred compensation .....	6058	family owned businesses .....	2057

	CODE SEC.		CODE SEC.
<b>Adjusted gross income</b>		<b>Advertising — Cont'd</b>	
generally . . . . .	22; 62; 67	<i>handbills — Cont'd</i>	
<b>Adjustments</b>		<i>delivery — Cont'd</i>	
alternative minimum tax computation . . . . .	56	withholding tax on wages . . . . .	3401
closed taxable year . . . . .	1311 et seq.	outdoor displays, involuntary conversion . . . . .	1033
corporations . . . . .	301 et seq.	<b>Affidavits</b>	
errors of prior year affecting current year . . . . .	1311 et seq.	fraudulent . . . . .	7206; 7207
inflation as basis (See Inflation adjustments)		<b>Affiliated corporations</b>	
nonconventional fuel source credit . . . . .	29	allocation of interest . . . . .	864
<b>Adjustments to basis (See Adjusted basis)</b>		basis of property acquired . . . . .	1051
<b>Administration expenses</b>		built-in gains	
estate tax . . . . .	2053	preacquisition losses, offset by . . . . .	384
estates and trusts		consolidated returns (See Consolidated returns)	
redemption of stock . . . . .	303	defined . . . . .	338; 865; 1504
<b>Administrative review of decisions</b>		discharge of indebtedness, basis reduction upon . . . . .	1017
prohibition of . . . . .	6406	dividends-paid deduction . . . . .	562
<b>Administrators (See Executors and administrators)</b>		dividends-received deduction . . . . .	243
<b>Adopted children</b>		earnings and profits . . . . .	312; 1552
dependents . . . . .	152	election	
foreign-born . . . . .	152	purchasing corporation's acquisition of assets of target affiliate . . . . .	338 et seq.
status		foreign affiliates (See Foreign affiliates)	
estate freezes . . . . .	2701	foreign export corporations . . . . .	993
generation-skipping transfers . . . . .	2651	foreign tax credit . . . . .	902; 904; 6038
<b>Adoption assistance programs</b>		insolvent, refunds to members . . . . .	6402
generally . . . . .	137	interest on acquisition indebtedness . . . . .	279
<b>Adoption expenses</b>		liability for tax, election as to allocation . . . . .	1552
credit allowance . . . . .	23	life insurance companies . . . . .	818
<b>Advance payments</b>		liquidating distributions . . . . .	336
black lung disability trust fund, payments to . . . . .	9501	passive activity losses and credits . . . . .	469
earned income credit . . . . .	32	period of affiliation defined . . . . .	1051
employment taxes . . . . .	3507	personal holding companies . . . . .	542
information statements . . . . .	6051	property acquired during affiliation, basis of . . . . .	1051
membership dues . . . . .	456	purchasing corporation's acquisition of assets of target affiliate . . . . .	338 et seq.
subscriptions . . . . .	455	real estate mortgage investment conduits . . . . .	860E
taxes . . . . .	6513	S corporations . . . . .	1361
interest on overpayments . . . . .	6611	stock in, basis of . . . . .	1503
<b>Adverse party</b>		stock ownership rule . . . . .	1504
defined . . . . .	672	stock purchase as asset purchase . . . . .	338 et seq.
<b>Advertising</b>		straddles . . . . .	1092
air transportation, taxes imposed . . . . .	7275	transportation by air, excise taxes . . . . .	4282
expenditures		worthless securities . . . . .	165
broadcasting . . . . .	162	worthless stock in affiliated bank . . . . .	582
exclusion from sale price . . . . .	4216	<b>Affiliated service groups</b>	
foreign . . . . .	162	employee retirement and benefit plans . . . . .	414
political convention program . . . . .	276	<b>AFR (See Applicable federal rate)</b>	
price readjustments . . . . .	6416	<b>Age 65 or over</b>	
handbills		taxable income . . . . .	63
delivery		<b>Agents and agencies</b>	
Federal Insurance Contributions Act (FICA) . . . . .	3121	employment taxes . . . . .	3504
Federal Unemployment Tax Act (FUTA) . . . . .	3306	low-income housing projects . . . . .	42



	CODE SEC.		CODE SEC.
<b>Agents and agencies — Cont'd</b>		<b>Aircraft — Cont'd</b>	
real estate (See Real estate agents)		<i>supplies — Cont'd</i>	
returns by . . . . .	882; 6012	<i>motor fuels tax—Cont'd</i>	
withholding tax on wages . . . . .	3402	. . . refunds and credits . . . . .	6416
work opportunity credit . . . . .	51	<b>Aircraft museum</b>	
<b>Agricultural irrigation projects</b>		special fuels tax . . . . .	4041
federal subsidies, illegal		<b>Airline affiliates</b>	
gross income, inclusion in . . . . .	90	fringe benefits . . . . .	132
<b>Agricultural labor (See also Farmers and farming)</b>		<b>Airline pilots</b>	
crew leader . . . . .	3121	limitations on benefits and contributions . . . . .	415
Federal Insurance Contributions Act (FICA) . . . . .	3121	<b>Airport and Airway Trust Fund</b>	
Federal Unemployment Tax Act (FUTA) . . . . .	3306	creation . . . . .	9502
withholding tax on wages . . . . .	3401	fuel tax	
work opportunity credit . . . . .	51	exemption . . . . .	4093
<b>Agricultural organizations</b>		rate of . . . . .	4091
defined . . . . .	501	<b>Airports</b>	
exemption . . . . .	501	exempt facility bonds . . . . .	142; 146
unrelated business taxable income . . . . .	511	private activity bonds . . . . .	147
<b>Agricultural products</b>		<b>Alaska</b>	
crop damage (See Crop damage)		harbor maintenance tax . . . . .	4462
crops (See Crops)		Native settlement trusts . . . . .	646
<b>Agricultural structure</b>		<b>Alaska Native Settlement Trusts</b>	
depreciation . . . . .	168	Information statements . . . . .	6039H
<b>Aiding and abetting penalty, understatement of tax liability</b>		<b>Alcohol fuel credit</b>	
generally . . . . .	6701; 6703	disclosures of returns and return information to states . . . . .	6103
injunctions . . . . .	7408	distilled spirits for fuel use . . . . .	5181
refunds, suit for . . . . .	7422	gasoline tax . . . . .	4081
<b>Air, minerals from</b>		gasoline used to produce certain alcohol fuels . . . . .	6427
depletion . . . . .	613	general business credit . . . . .	38
<b>Air force (See Armed Forces)</b>		generally . . . . .	40
<b>Air transportation (See Transportation by air)</b>		gross income, inclusion in . . . . .	87
<b>Aircraft</b>		special fuels tax . . . . .	4041
affiliated group, services furnished member, transportation taxes . . . . .	4282	unused credit . . . . .	196
depreciation . . . . .	168	<b>Alcohol mixture credit</b>	
foreign, earnings from . . . . .	872; 883	definition . . . . .	40
foreign base company income . . . . .	955	excise tax . . . . .	4041; 4081
fuel, taxes on . . . . .	4041	Airport and Airway Trust Fund . . . . .	4091
aircraft museums, exceptions for certain . . . . .	4041	Highway Trust Fund . . . . .	4041; 4091; 9503
Airport and Airway Trust Fund (See Airport and Airway Trust Fund)		gasoline used to produce, refund of taxes on . . . . .	6427
chemicals used in production, environmental tax . . . . .	4662	<b>Alcohol taxes (See also Liquors)</b>	
farming purposes . . . . .	6416	beer (See Beer tax)	
refunds and credits . . . . .	6421; 6427	bonded premises	
noncommercial, fuel for . . . . .	4041; 6421; 6427	operations on . . . . .	5211 et seq.
private activity bonds financing . . . . .	147	denaturation . . . . .	5241 et seq.
small, nonestablished lines, transportation taxes . . . . .	4281	discontinuation of storage facilities . . . . .	5236
supplies		production . . . . .	5221 et seq.
manufacturers excise taxes . . . . .	4221; 4222	storage . . . . .	5231 et seq.
motor fuels tax . . . . .	4041	bottling for industrial purposes . . . . .	5235
		credits and refunds	
		allowance requirement . . . . .	6423
		definitions concerning . . . . .	5112

	CODE SEC.		CODE SEC.
<b>Alcohol taxes (See also Liquors) — Cont'd</b>		<b>Aliens (See also Nonresident aliens; Resident aliens) — Cont'd</b>	
. denaturation	5241 et seq.	. <i>marital deduction</i> — <i>Cont'd</i>	
. disaster losses	5064	. . surviving spouse of U.S. citizen	2056
. distilled spirits	5001 et seq. (See also Distilled spirits)	. students (See Foreign students and exchange visitors)	
. . credit for wine and flavors content	5010	<b>Alimony and separate maintenance payments</b>	
. . foreign embassies, use by	5066	. absent parent, collection of child support obligations	6103; 6305; 6402
. . general provisions	5291; 5301; 5311 et seq.	. adjusted gross income	62
. . industrial use	5271 et seq.	. children	71
. . plants	5081	. death	71
. failure to file return or pay tax	6651	. deductions	215
. fruit-flavor concentrate plants, volatile	5511 et seq.	. definition	71; 215
. gallonage taxes	5001 et seq.; 5041 et seq.; 5051 et seq.; 5061 et seq.	. dependency exemption	152
. general provisions	5061 et seq.; 5141 et seq.	. divorce or separation instrument	71
. generally	5001 et seq.	. domestic relations order (See Domestic relations order)	
. liability for occupational taxes	5143	. exceptions	71
. manufacturers of stills	5101; 5102	. excess payments	71
. method of collecting	5061	. front-loaded payments	71
. miscellaneous general provisions	5551 et seq.	. gift tax	2516
. miscellaneous plants and warehouses	5501 et seq.; 5511 et seq.	. gross income	61; 71
. nonbeverage domestic drawback claimants	5131 et seq.	. identifying numbers, reporting requirements	215
. occupational taxes	5081; 5091 et seq.; 5101 et seq.; 5111 et seq.; 5121 et seq.; 5131 et seq.; 5141 et seq.	. joint returns	71
. . liability for	5143	. trusts	215; 682
. . payment of tax	5142	<b>All-events test</b>	
. . penalties	5691	. economic performance, incurred amounts	461
. . permits	5271; 5276	<b>Allocation</b>	
. . recordkeeping and inspection	5146	. accounting method	482
. . registration	5141	. acquisitions, tax avoidance	269A
. . stamps	6806	. asset acquisitions	1060
. . state laws, application of	5145	. basis	
. . payment of taxes	5142	. . adjusted basis partnership property	743; 755
. penalties, seizures and forfeitures	5601 et seq.; 5661 et seq.; 5671 et seq.; 5681 et seq.	. . asset acquisitions	1060
. refund and drawback in case of exportation	5062	. . charitable contributions	170
. refunds and credits	6423	. . partnership distributions	732
. registration	5141	. . reorganization exchanges	358
. retail dealers	5121 et seq.	. . sports franchises, player contracts	1056
. returns	6091	. . undistributed partnership property	734; 755
. territories subject to	5065	. controlled corporations	
. ultimate burden	6423	. . liability for tax	1552
. vinegar plants	5501 et seq.	. controlled foreign corporations	
. wholesale dealers	5111 et seq.	. . distributions	958
. wines (See Wines)		. distributions	
<b>Aliens (See also Nonresident aliens; Resident aliens)</b>		. . controlled foreign corporations	958
. defined	7701	. . domestic international sales corporations	994
. departure from U.S., compliance with tax laws	6851	. exemption	
. dependents	152	. . generation-skipping transfers, tax on	2632
. marital deduction		. foreign corporations	882
. gift tax	2523	. income, partnership	514
		. interest and principal	864; 884
		. . property produced by taxpayer	263A
		. partnership income	514

	CODE SEC.		CODE SEC.
<b>Allocation — Cont'd</b>		<b>Alternative minimum tax — Cont'd</b>	
prohibited		tax preference items	57
qualified securities	4979A	optional 10-year writeoff	59
research and experimental expenditures	864	taxable income	55
source of income	863	tentative minimum tax	55
stock purchase as asset purchase	338	trust funds	59
<b>Alternate valuation, estate tax (See also Estate tax; Valuation)</b>		unearned income of minor children	59
basis, property acquired from decedent	1014	<b>Amateur athletic competitions, sponsorship</b>	
generally	2032	contributions	170
<b>Alternative energy (A-E) property</b>		exemption	501
service contracts	7701	<b>Ambulances</b>	
<b>Alternative minimum tax</b>		retail excise taxes	4053
adjustments	56	<b>American employer</b>	
arbitrage bonds	148	employees of foreign affiliates	406
bonds, tax-exempt	148	Federal Insurance Contributions Act (FICA)	3121
circulation expenditures	56	Federal Unemployment Tax Act (FUTA)	3306
common trust funds	59	generally	1402
computation	56	<b>American Indians (See Native Americans)</b>	
corporations	55	<b>American Samoa</b>	
credit for prior year's liability	53; 381	alien residents of	876
depreciation	56	corporations	881
earned income credit	32	employment taxes	
energy preference deduction	56	overpayments	6413
environmental tax	59A	Federal Insurance Contributions Act (FICA)	3121; 6205
estates and trusts	59	government employees	3125
exemptions	55	overpayments	6413
experimental expenditures	56	income of U.S. citizens residing in	931
farm losses	58	residents of	
foreign tax credit limitations	59	self-employment tax	1402
generally	55	<b>Ammonia</b>	
housing interest	56	environmental tax for hazardous waste clean up	4661; 4662
incentive stock options	56	<b>Amortization</b>	
insolvent taxpayers	58	basis, adjustment to	1016
installment sales	56	bond premiums	171
itemized deductions	56	adjustment to basis	1016
limitations	59	carryovers, acquiring corporation	381
long-term contracts	56	insurance companies other than life	834
Merchant marine capital construction funds	56	life insurance companies	805; 811
mining exploration and development costs	56	corporations	
net minimum tax defined	53	organizational expenditures	248
net operating loss deduction	56	employee retirement and benefit plans	
ownership change	382	minimum funding standards	412
passive activity loss disallowance	58	estates and trusts	642
phase-out of exemptions	55	goodwill	197
pollution control facilities	56	insurance policy acquisition expenses	848
real estate investment trusts	59	insurance premium and accrual of discount	811
regular tax	55	intangible drilling and development costs	291
regulated investment companies	59	intangible property	197
research expenditures	56	lease, acquisition costs	178
Sec. 936 credit	59	mines and mining	
short taxable years	443	exploration and development costs	291
tax benefit rule	59		

	CODE SEC.		CODE SEC.
<b>Amortization — Cont'd</b>		<b>Annuities — Cont'd</b>	
. organizational expenditures		. <i>contracts—Cont'd</i>	
. . corporations	248	. . natural persons, not held by	72
. . partners and partnerships	709	. . nontaxable exchange of	1035
. . pollution control facilities	169; 291	. . payments, deductibility of	264
. . reforestation expenditures	194	. . penalties	
. . research and experimental expenses	174	. . . premature distributions	72
. . start-up expenditures	195	. . personal injuries, damages	130
. . tax preference items		. . policyholder dividends	72
. . . accelerated amortization, pre-1987 property	57	. . premature distributions, 10-percent penalty	72
. . . taxable bond premiums	171	. . proceeds	72
. . . tax-exempt bond premiums	171	. . qualified plans	72
. . . timber property, reforestation expenditures	1245	. . redemption	72
<b>Amusement expenses</b>		. . refunds	72
. disallowance of deductions	274	. . sale of, adjusted basis	1021
<b>Annual accounting period</b>		. . single premium payments	264
. computation of taxable income	441	. . surrenders	72
<b>Annualization of income</b>		. . 10-percent penalty, premature distributions	72
. accumulated earnings tax	536	. . transfers without adequate consideration	72
. estimated tax underpayments	6654; 6655	. deductions	
. foreign personal holding companies	557	. . contributions of employer to	404
. life insurance companies	811	. . estate tax	691
. personal holding companies	546	. defined contribution plan	
. withholding tax on wages, computation	3402	. . employee contributions	72
<b>Annuities</b>		. definition	401
. amounts received by surviving annuitant under joint and survivor annuity contract	691	. employee plans (See Employees annuities)	
. anti-abuse rule	72	. estate tax	2039; 2056
. armed forces		. exclusion ratio	72
. . retired servicemen	72; 101	. exempt organizations	403
. . backup withholding	3406	. expected returns	72
. basis of property	1021	. face-amount certificates	401
. beneficiaries		. foreign personal holding company income	553
. . taxation	403	. generally	72
. charitable trusts		. gross income	61; 72
. . income interest	170	. individual retirement accounts	219; 408; 2039
. . lead trusts, inclusion ratio rules	2642	. information returns	6041; 6047
. . remainder interests	170; 664; 2522	. injuries and sickness, compensation for	104
. contracts	817	. interest	72
. . adjusted basis	1021	. investment in the contract	72
. . allocation, amounts not received as annuities	72	. joint and survivor	
. . amounts not received as annuities	72 et seq.	. . basis to survivor	1014
. . anti-abuse rule	72	. . employee death benefits	101
. . death of holder	72	. . estate tax deduction	691; 2056
. . defined	1035	. . generally	401; 417
. . defined contribution plans	415	. . gift tax deduction	2523
. . dividends	72	. . unfunded liability	7448
. . exchange of, gain or loss upon nontaxable	1035	. . levy on	6334
. . foreign policies, excise taxes on	4371 et seq.	. loan treated as distribution	72
. . investment in the contract	72	. lump-sum distributions	402
. . limitations on benefit and contributions	415	. . option to receive in lieu of	72
. . loans	72	. modified endowment contracts	72
. . maturities	72	. noncancelable accident and health insurance, com- bined with	848

	CODE SEC.	CODE SEC.
<b>Annuities — Cont'd</b>		
· nonqualified, taxability of beneficiary . . . . .	403	
· nonresident aliens . . . . .	871	
· payor's reports, recordkeeping . . . . .	6704	
· personal holding company income . . . . .	543	
· plans for employees (See Employees annuities)		
· preretirement survivor annuities . . . . .	401; 417	
· proceeds from contracts . . . . .	72	
· railroad retirement benefits . . . . .	72; 86	
· refund feature, adjustment in investment . . . . .	72	
· retired servicemen . . . . .	72; 101; 6334	
· rollovers . . . . .	72	
· self-employed individuals (See Self-employed retirement plans)		
· separate contracts, employee contributions under defined contribution plan . . . . .	72	
· social security benefits . . . . .	86	
· spouses and dependent children of Tax Court judges . . . . .	7448	
· starting date . . . . .	72	
· survivor annuities . . . . .	72; 401; 417	
· Tax Court judges . . . . .	7447	
· dependents . . . . .	7448	
· tax-favored accounts, failure to provide reports on . . . . .	6693	
· 10-percent additional tax . . . . .	72	
· transfers		
· transferee rules, valuable consideration transfers . . . . .	72	
· trusts, charitable (See subhead charitable trusts)		
· unrelated business taxable income . . . . .	512	
· valuation tables . . . . .	7520	
· variable, life insurance companies . . . . .	817	
· withholding tax . . . . .	3402; 6652	
· deferred income . . . . .	3405	
· information returns . . . . .	6047; 6867	
· nonresident aliens and foreign corporations . . . . .	1441	
· special rules . . . . .	3405	
<b>Anorthosite</b>		
· depletion . . . . .	613	
<b>Anti-cruelty organizations (See Cruelty prevention organizations)</b>		
<b>Antimony</b>		
· depletion . . . . .	613	
· hazardous waste clean up		
· environmental tax . . . . .	4661; 4662	
· trioxide . . . . .	4661; 4662	
<b>Antique firearm (See also Firearms)</b>		
· defined . . . . .	5845	
<b>Antitrust Act</b>		
· violations of . . . . .	162; 186	
<b>Aplite</b>		
· percentage depletion . . . . .	613	
<b>Apostolic associations (See also Churches; Religious organizations)</b>		
· examination of business activities . . . . .	7611	
· generally . . . . .	501	
<b>Apothecaries</b>		
· distilled spirits for use by . . . . .	5002	
<b>Appeals</b>		
· lien for taxes . . . . .	6326	
· refunds and credit . . . . .	6406	
· Tax Court decisions, review of (See Tax Court subhead, appeals; court review of decisions)		
<b>Appeals dispute resolution procedures</b>		
· Treasury Department prescription . . . . .	7123	
<b>Applicable asset acquisitions</b>		
· allocation rules . . . . .	1060	
<b>Applicable dollar threshold</b>		
· defined for FICA . . . . .	3121	
<b>Applicable federal rates</b>		
· below-market interest rates . . . . .	7872	
· debt instruments issued for property, OID rules . . . . .	1274	
· generally . . . . .	7872	
<b>Appreciated financial positions</b>		
· constructive sales . . . . .	1259	
<b>Appreciated property</b>		
· charitable contribution		
· tax preference item . . . . .	57	
· controlled corporation . . . . .	355	
· distribution of . . . . .	311	
· earnings and profits, effect on . . . . .	312	
· partnerships . . . . .	311	
· political organizations, transfers to . . . . .	84	
· trusts . . . . .	311	
<b>Aquatic resources trust fund</b>		
· creation of . . . . .	9504	
<b>Arbitrage bonds</b>		
· defined . . . . .	148	
· exemption . . . . .	143	
· interest . . . . .	103	
<b>Arbitrage operations</b>		
· defined . . . . .	1233	
· short sales of securities . . . . .	1233	
<b>Archer MSA (See Medical savings accounts, Archer)</b>		
<b>Architectural barriers to handicapped and elderly</b>		
· removal expenditures . . . . .	190; 263	
<b>Armed Forces</b>		
· abatement of tax upon death . . . . .	692	
· annuities		
· retired servicemen . . . . .	72; 101	
· associations		
· exemption from tax . . . . .	501	
· benefits . . . . .	134	

CODE SEC.

CODE SEC.

**Armed Forces — Cont'd**

- . civilian employees
- . . Federal Insurance Contributions Act (FICA) . . . 3122
- . . prisoners of war combat pay . . . . . 112
- . . combat pay . . . . . 104; 112; 7508
- . . withholding tax on . . . . . 3401
- . combat service . . . . . 7508
- . . death
- . . . estate tax . . . . . 2201
- . . defined . . . . . 112
- . . postponement of filing and claims requirements . . . . . 7508
- . . tax liability, actions relating to
- . . . postponement for service in combat zone . . . 7508
- . . telephone calls from combat zone . . . . . 4253
- . . compensation . . . . . 112
- . death of member
- . . benefits . . . . . 101
- . . combat zone service
- . . . estate tax . . . . . 2201
- . . income taxes . . . . . 692
- . . refunds and credits . . . . . 692
- . . defined . . . . . 7701
- . . Federal Insurance Contributions Act (FICA) . . . 3121
- . Desert Shield service
- . . postponement of actions relating to tax liability . . . . . 7508
- . . disability pay . . . . . 6334
- . . exemption from levy . . . . . 6334
- . . earned income credit . . . . . 32
- . . enlisted personnel, combat zone compensation . . 112
- . . estate tax . . . . . 2201
- . . exempt income . . . . . 112; 134
- . . Federal Insurance Contributions Act (FICA) . . . 3121; 3122
- . . gross income, exclusion from
- . . . military benefits . . . . . 134
- . . hospitalization
- . . . postponement of actions relating to tax liability . . . . . 7508
- . . housing allowance . . . . . 265
- . . injuries and sickness, compensation for . . . . 104; 112
- . . missing in action (See Missing in action)
- . . moving expenses . . . . . 217
- . . overpayment of tax
- . . . war postponements . . . . . 7508
- . . postponement of certain tax-related deadlines . . . . . 7508A
- . . prisoners of war, combat zone compensation . . . 112
- . . receipts for wages paid . . . . . 6051
- . . receipts for withheld taxes . . . . . 6051
- . . refunds and credits
- . . . deceased members . . . . . 692
- . . reserves . . . . . 219

**Armed Forces — Cont'd**

- . . retired serviceman's family protection plan
- . . . exemption from levy . . . . . 6334
- . . spouse of service person
- . . . war postponements . . . . . 7508
- . . terrorist or noncombat zone military actions, death of member . . . . . 692
- . . Title 11 cases
- . . . war postponements . . . . . 7508
- . . transportation tax . . . . . 4262
- . . veterans (See Veterans)
- . . Vietnam
- . . . prisoners of war combat zone compensation . . . 112
- . . war postponements . . . . . 7508
- . . withholding tax on wages . . . . . 3401
- Arsenic**
- . . hazardous waste clean up
- . . . environmental tax . . . . . 4661; 4662
- Artists**
- . . capital expenditures . . . . . 263A
- Artworks**
- . . capital gain or loss . . . . . 1221; 1231
- . . charitable bequests
- . . . estate tax . . . . . 2055
- . . individual retirement savings plan investments in . . . . . 408
- . . loans of
- . . . charitable organizations, to . . . . . 2503
- . . . gift tax . . . . . 2503
- . . . nonresidents, by . . . . . 2105
- . . noncapital asset, as . . . . . 1221
- . . nontaxable transfers
- . . . charitable organizations, loans to . . . . . 2503
- Asbestos**
- . . percentage depletion . . . . . 613
- Assessable penalties**
- . . rules for application of . . . . . 6671 et seq.
- Assessments**
- . . administrative review . . . . . 7429
- . . amount
- . . . not to be assessed . . . . . 6201
- . . . reasonableness of . . . . . 7429
- . . authority . . . . . 6201
- . . bankruptcy and receivership . . . . . 6871; 6872
- . . bond to stay . . . . . 7485
- . . burden of proof as to reasonableness of . . . . . 7429
- . . cash, unknown owner of . . . . . 6867
- . . . income, state and gift taxes . . . . . 6861
- . . . other taxes . . . . . 6862
- . . . stay of collection . . . . . 6863
- . . compensation of child . . . . . 6201
- . . court determination of . . . . . 7429
- . . court procedures

	CODE SEC.		CODE SEC.
<b>Assessments — Cont'd</b>		<b>Assumption of indebtedness (See Indebtedness)</b>	
<i>court procedures — Cont'd</i>		<b>At risk limitations</b>	
bond to stay collection . . . . .	6863; 7485	enhanced oil recovery credit . . . . .	43
prohibition of suits to restrain collections . . . . .	7421	generally . . . . .	465
deficiencies (See Deficiencies; Assessment)		investment credit, computation of . . . . .	49
employment taxes . . . . .	6205	low-income housing credit . . . . .	42
underpayments of . . . . .	6201	<b>Athletes, professional</b>	
erroneous or illegal, abatement of . . . . .	6404	contracts, transfers	
estimated tax, exemption for . . . . .	6201	basis for gain or loss . . . . .	1056
excessive		depreciation recapture . . . . .	1245
abatement of . . . . .	6404	<b>Athletic competitions, amateur</b>	
refund claims . . . . .	6206	sponsorship	
exempt organizations . . . . .	6501	contributions . . . . .	170
extension of 20-day period . . . . .	7429	exemption . . . . .	501
Federal unemployment tax, exemption for . . . . .	6201	<b>Athletic facilities</b>	
general rule . . . . .	6201	fringe benefits . . . . .	132
injunction (See Injunction against assessment and collection)		<b>Attorney general</b>	
insolvent banks . . . . .	7507	defined . . . . .	7701
jeopardy (See Jeopardy assessments)		<b>Attorney General, State</b>	
judicial review . . . . .	7429	disclosures to	
jurisdiction for determination of . . . . .	7429	returns and return information . . . . .	6104
limitation period (See Statute of limitations)		<b>Attorneys</b>	
method of . . . . .	6202; 6203	government, disclosure of returns and return information . . . . .	6103
mode and time of . . . . .	6202	<b>Attorney's fees</b>	
ownership of cash unknown (See subhead cash, unknown owner of)		recovery . . . . .	7430
procedures, review of . . . . .	7429	<b>Attorney's lien</b>	
reasonableness of . . . . .	7429	judgment or settlement, upon . . . . .	6323
regulations as to mode or time . . . . .	6202	<b>Attribution of ownership</b>	
request for prompt . . . . .	6501	passive foreign investment companies . . . . .	1298
restrictions on . . . . .	6213	<b>Audit selection procedures</b>	
review of procedures . . . . .	7429	disclosure . . . . .	6103
supplemental . . . . .	6204	<b>Audits</b>	
taxable year, termination of . . . . .	6851	executive branch influences, prohibition against . . . . .	7217
termination (See Termination assessments)		<b>Authors</b>	
time of . . . . .	6202	capital expenditures . . . . .	263A
waivers		<b>Auto salesmen</b>	
limitations on assessment . . . . .	6501	fringe benefits . . . . .	132
<b>Assets</b>		<b>Automobiles</b>	
acquisitions		basis	
stock purchases, treatment as . . . . .	338	gas guzzler tax, effect of . . . . .	1016
capital (See Capital assets)		unrecovered . . . . .	280F
<b>Assignments</b>		definition of motor vehicle . . . . .	4064; 6323
benefit of creditors, for		demonstration models	
notice of qualification of assignee . . . . .	6036	excise tax exemption . . . . .	4002
corporate returns		depreciation . . . . .	168
assignee . . . . .	6012	limitation on depreciation . . . . .	280F
signatures . . . . .	6062	disallowed deductions . . . . .	280F
personal injuries liability . . . . .	130	excise tax . . . . .	4001
<b>Assistant commissioner</b>		demonstration models . . . . .	4002
employee plans and organizations . . . . .	7802	first retail sale defined for . . . . .	4002

	CODE SEC.		CODE SEC.
<b>Automobiles — Cont'd</b>		<b>B</b>	
<i>excise tax—Cont'd</i>		<b>Backup withholding</b>	
. long-term leases . . . . .	4002	. credits against tax . . . . .	31
. parts and accessories . . . . .	4003	. dividends . . . . .	7205
. floor stock refunds . . . . .	6412	. generally . . . . .	3406
. gas guzzler tax . . . . .	4064; 4217	. interest . . . . .	7205
. basis, effect on . . . . .	1016	. trusts and estates . . . . .	643
. registration, exempt sales . . . . .	4222	<b>Bad debts</b>	
. highway use, taxes for (See Highway motor vehicle use taxes)		. banks	
. investment tax credit . . . . .	280F	. reserves for . . . . .	585; 593
. lien for taxes . . . . .	6323	. securities held by banks . . . . .	582
. limitation on depreciation . . . . .	280F	. building and loan associations	
. manufacturers excise taxes . . . . .	4064 et seq.; 9503	. reserves, bad debt . . . . .	593
. Highway Trust Fund . . . . .	9503	. generally . . . . .	166
. mileage allowances . . . . .	170	<b>Bank accounts</b>	
. parts and accessories		. premature withdrawals	
. excise tax, luxury . . . . .	4003	. adjusted gross income . . . . .	62
. manufacturer's tax . . . . .	4218	<b>Bank holding companies</b>	
. passenger vehicles (See Passenger vehicles)		. dividends received . . . . .	246A
. personal use . . . . .	280F	<b>Bankruptcy</b>	
. price inflation adjustment . . . . .	280F	. basis	
. retail excise taxes . . . . .	4051 et seq.	. reduction upon discharge of indebtedness . . . . .	1017
. exemptions . . . . .	4221	. claims for income, estate and gift taxes . . . . .	6871
. Highway Trust Fund . . . . .	9503	. discharge of indebtedness, adjustment to basis upon . . . . .	1017
. seized for taxes, transfer of title . . . . .	6339	. extensions . . . . .	6161
. several interest holders, treatment of . . . . .	280F	. generally . . . . .	1398
<b>Average wages</b>		. individuals, rules relating to . . . . .	1399
. withholding . . . . .	3402	. insolvent banks . . . . .	7507
<b>Aviation fuel</b>		. receivers (See Receivers)	
. Airport and Airway Trust Fund . . . . .	4091; 9502	. S corporations, bankruptcy estate as . . . . .	1361
. alcohol mixture, reduced rates for . . . . .	4091	. separate taxable entities under Title 11, prohibited . . . . .	1399
. defined . . . . .	4092	. Title 11 cases . . . . .	1399
. excise taxes . . . . .	4091 et seq.	. transferees and fiduciaries . . . . .	6901 et seq.
. exemption from tax . . . . .	4041	. notice of fiduciary relationship . . . . .	6903
. failure to pay tax . . . . .	4103	. prohibition of injunctions . . . . .	6904
. gasoline . . . . .	6421	. provisions of special application to . . . . .	6902
. Leaking Underground Storage Tank Trust Fund . . . . .	4041; 4093	. refunds and credits . . . . .	6402
. liability for tax . . . . .	4103	. transferred assets . . . . .	6901
. noncommercial . . . . .	4041	<b>Banks and trust companies</b>	
. nontaxable use . . . . .	6427	. bad debts . . . . .	582
. reduced rate		. building and loan associations . . . . .	593
. alcohol mixture . . . . .	4091	. losses . . . . .	172
<b>Avoidance of tax (See Evasion or avoidance of tax)</b>		. reserves . . . . .	593
<b>Awards (See Prizes and awards)</b>		. building and loan associations	
<b>Away-from-home expenses</b>		. bad debt reserves . . . . .	593
. business expenses . . . . .	162	. common trust funds . . . . .	584
. generally . . . . .	274	. returns . . . . .	6032
. medical care . . . . .	213	. cooperative (See Cooperative banks)	
. state legislators . . . . .	162	. deductions	
		. dividends paid on deposits . . . . .	591



CODE SEC.

CODE SEC.

**Banks and trust companies — Cont'd**

- . definition of bank . . . . . 581
- . deposit accounts
  - . dividends or interest paid . . . . . 461
- . depositaries for taxes . . . . . 5703; 6302
- . deposits, levy on . . . . . 6332
- . dividends received deduction . . . . . 243; 246A
- . federal financial assistance . . . . . 597
- . federal home loan banks . . . . . 246
- . foreign banks (See Foreign banks)
- . foreign personal holding company income . . . . . 954
- . generally . . . . . 581 et seq.
- . holding companies . . . . . 246A
- . individual retirement accounts . . . . . 408
- . insolvent banks . . . . . 7507
- . interest on corporate acquisition indebtedness . . . 279
- . loans
  - . lien against tax . . . . . 6323
- . mutual savings banks (See Mutual savings banks)
- . net operating loss . . . . . 172
- . personal holding company status of finance companies . . . . . 542
- . portfolio stock, debt-financed . . . . . 246A
- . reserves for losses on loans . . . . . 585; 593
- . savings banks life insurance . . . . . 594
- . securities held by
  - . bad debt and loss deduction . . . . . 582
  - . withdrawal accounts
    - . dividends or interest paid . . . . . 461

**Barite**

- . percentage depletion . . . . . 613

**Barium sulfide**

- . environmental tax for hazardous waste clean up . . . . . 4661; 4662

**Barrel-of-oil equivalent**

- . nonconventional fuel source credit . . . . . 29

**Barriers to handicapped and elderly, removal expenditures**

- . credit . . . . . 44
- . generally . . . . . 190; 263

**Barter exchanges**

- . information returns . . . . . 6041; 6045

**Basis**

- . acquisition of property
  - . affiliation during . . . . . 1051
  - . before March 1, 1913 . . . . . 1053
  - . decedent, acquired from . . . . . 1014
  - . gifts . . . . . 1015
- . adjustments (See Adjusted basis)
- . affiliation, property acquired during . . . . . 1051
- . allocation (See Allocation)
- . alternate valuation for estate tax . . . . . 1014
- . amortization

**Basis — Cont'd**

. *amortization — Cont'd*

- . . . . . 169
- . . . . . 1014; 1021
- . . . . . 84
- . . . . . 1017; 1398
- . . . . . 643
- . . . . . 1014
- . . . . . 1223
- . . . . . 1040
- . . . . . 664
- . . . . . 179A
- . . . . . 362
- . . . . . 1012
- . . . . . 612
- . . . . . 1014
- . . . . . 167; 1245
- . . . . . 1017
- . . . . . 1014
- . . . . . 1017
- . . . . . 301
- . . . . . 312
- . . . . . 421
- . . . . . 1038
- . . . . . 1351
- . . . . . 1011 et seq.
- . . . . . 1015
- . . . . . 1014
- . . . . . 1055
- . . . . . 1059A
- . . . . . 1019
- . . . . . 1014
- . . . . . 453B
- . . . . . 1038
- . . . . . 1013; 1017
- . . . . . 49
- . . . . . 1033
- . . . . . 357
- . . . . . 473
- . . . . . 1031
- . . . . . 1056
- . . . . . 334
- . . . . . 336
- . . . . . 42
- . . . . . 1053
- . . . . . 616; 617
- . . . . . 1031 et seq.
- . . . . . (See Partners and partnerships)