

(Aug. 16, 1954, ch. 736, 68A Stat. 340; Pub. L. 85-866, title I, §59(b), Sept. 2, 1958, 72 Stat. 1647; Pub. L. 89-44, title VIII, §809(d)(5)(B), June 21, 1965, 79 Stat. 168; Pub. L. 91-172, title V, §512(f)(7), (8), Dec. 30, 1969, 83 Stat. 641, 642; Pub. L. 94-455, title XIX, §1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834.)

## AMENDMENTS

1976—Subsec. (b). Pub. L. 94-455 struck out “or his delegate” after “Secretary”.

1969—Subsec. (a). Pub. L. 91-172, §512(f)(7), substituted “capital loss carryback or carryover” for “capital loss carryover”.

Subsec. (b). Pub. L. 91-172, §512(f)(8), inserted reference to net capital loss.

1965—Subsec. (a)(1)(A). Pub. L. 89-44 struck out “(b)(1) and (3)” and inserted in lieu thereof “(b)(1), (3), and (4)”.

1958—Subsec. (c). Pub. L. 85-866 substituted in second sentence “The” for “Other than in the case of an adjustment resulting from a determination under section 1313(a)(4), the”.

## EFFECTIVE DATE OF 1969 AMENDMENT

Amendment by Pub. L. 91-172 applicable with respect to net capital losses sustained in taxable years beginning after Dec. 31, 1969, see section 512(g) of Pub. L. 91-172, set out as a note under section 1212 of this title.

## EFFECTIVE DATE OF 1965 AMENDMENT

Amendment by Pub. L. 89-44 applicable to taxable years beginning on or after July 1, 1965, see section 809(f) of Pub. L. 89-44, set out as a note under section 6420 of this title.

## EFFECTIVE DATE OF 1958 AMENDMENT

Amendment by Pub. L. 85-866 effective with respect to determinations made after Nov. 14, 1954, see section 59(c) of Pub. L. 85-866, set out as a note under section 1312 of this title.

**[§ 1315. Repealed. Pub. L. 94-455, title XIX, § 1901(a)(143), Oct. 4, 1976, 90 Stat. 1788]**

Section, act Aug. 16, 1954, ch. 736, 68A Stat. 341, related to effective date of this part.

## EFFECTIVE DATE OF REPEAL

Repeal effective for taxable years beginning after Dec. 31, 1976, see section 1901(d) of Pub. L. 94-455, set out as an Effective Date of 1976 Amendment note under section 2 of this title.

## [PART III—REPEALED]

**[§ 1321. Repealed. Pub. L. 94-455, title XIX, § 1901(a)(144), Oct. 4, 1976, 90 Stat. 1788]**

Section, act Aug. 16, 1954, ch. 736, 68A Stat. 342, related to involuntary liquidation of LIFO inventories.

## EFFECTIVE DATE OF REPEAL

Repeal effective for taxable years beginning after Dec. 31, 1976, see section 1901(d) of Pub. L. 94-455, set out as an Effective Date of 1976 Amendment note under section 2 of this title.

## [PART IV—REPEALED]

**[§§ 1331 to 1337. Repealed. Pub. L. 94-455, title XIX, § 1901(a)(145)(A), Oct. 4, 1976, 90 Stat. 1788]**

Section 1331, act Aug. 16, 1954, ch. 736, 68A Stat. 343, related to war loss recoveries.

Section 1332, act Aug. 16, 1954, ch. 736, 68A Stat. 343, related to inclusion in gross income of war loss recoveries.

Section 1333, act Aug. 16, 1954, ch. 736, 68A Stat. 344, related to tax adjustment measured by prior benefits.

Section 1334, act Aug. 16, 1954, ch. 736, 68A Stat. 346, related to restoration of value of investments referable to destroyed or seized property.

Section 1335, act Aug. 16, 1954, ch. 736, 68A Stat. 346, related to election by taxpayer for application of section 1333.

Section 1336, act Aug. 16, 1954, ch. 736, 68A Stat. 347, related to basis of recovered property.

Section 1337, act Aug. 16, 1954, ch. 736, 68A Stat. 347, related to applicable rules.

## EFFECTIVE DATE OF REPEAL

Section 1901(a)(145)(B) provided that: “The repeal by subparagraph (A) [repealing sections 1331 to 1337 of this title] shall apply with respect to war loss recoveries in taxable years beginning after December 31, 1976”.

## PART V—CLAIM OF RIGHT

Sec.

1341. Computation of tax where taxpayer restores substantial amount held under claim of right.

[1342. Repealed.]

## AMENDMENTS

1976—Pub. L. 94-455, title XIX, §1901(b)(38), Oct. 4, 1976, 90 Stat. 1803, struck out item 1342 “Computation of tax where taxpayer recovers substantial amount held by another under claim of right”.

**§ 1341. Computation of tax where taxpayer restores substantial amount held under claim of right**

## (a) General rule

If—

(1) an item was included in gross income for a prior taxable year (or years) because it appeared that the taxpayer had an unrestricted right to such item;

(2) a deduction is allowable for the taxable year because it was established after the close of such prior taxable year (or years) that the taxpayer did not have an unrestricted right to such item or to a portion of such item; and

(3) the amount of such deduction exceeds \$3,000,

then the tax imposed by this chapter for the taxable year shall be the lesser of the following:

(4) the tax for the taxable year computed with such deduction; or

(5) an amount equal to—

(A) the tax for the taxable year computed without such deduction, minus

(B) the decrease in tax under this chapter (or the corresponding provisions of prior revenue laws) for the prior taxable year (or years) which would result solely from the exclusion of such item (or portion thereof) from gross income for such prior taxable year (or years).

For purposes of paragraph (5)(B), the corresponding provisions of the Internal Revenue Code of 1939 shall be chapter 1 of such code (other than subchapter E, relating to self-employment income) and subchapter E of chapter 2 of such code.

## (b) Special rules

(1) If the decrease in tax ascertained under subsection (a)(5)(B) exceeds the tax imposed by