

Subsec. (h). Pub. L. 106-170, §511, substituted “2001” for “2000”.

**EFFECTIVE DATE OF 2010 AMENDMENT**

Pub. L. 111-312, title VII, §745(b), Dec. 17, 2010, 124 Stat. 3319, provided that: “The amendment made by this section [amending this section] shall apply to expenditures paid or incurred after December 31, 2009.”

**EFFECTIVE DATE OF 2008 AMENDMENT**

Pub. L. 110-343, div. C, title III, §318(b), Oct. 3, 2008, 122 Stat. 3873, provided that: “The amendment made by this section [amending this section] shall apply to expenditures paid or incurred after December 31, 2007.”

**EFFECTIVE DATE OF 2006 AMENDMENT**

Pub. L. 109-432, div. A, title I, §109(c), Dec. 20, 2006, 120 Stat. 2939, provided that: “The amendments made by this section [amending this section] shall apply to expenditures paid or incurred after December 31, 2005.”

**EFFECTIVE DATE OF 2004 AMENDMENT**

Pub. L. 108-311, title III, §308(b), Oct. 4, 2004, 118 Stat. 1179, provided that: “The amendment made by subsection (a) [amending this section] shall apply to expenditures paid or incurred after December 31, 2003.”

**EFFECTIVE DATE OF 2000 AMENDMENT**

Pub. L. 106-554, §1(a)(7) [title I, §162(c)], Dec. 21, 2000, 114 Stat. 2763, 2763A-625, provided that: “The amendments made by this section [amending this section] shall apply to expenditures paid or incurred after the date of the enactment of this Act [Dec. 21, 2000].”

**EFFECTIVE DATE OF 1999 AMENDMENT**

Amendment by section 532(c)(2)(A) of Pub. L. 106-170 applicable to any instrument held, acquired, or entered into, any transaction entered into, and supplies held or acquired on or after Dec. 17, 1999, see section 532(d) of Pub. L. 106-170, set out as a note under section 170 of this title.

**EFFECTIVE DATE**

Pub. L. 105-34, title IX, §941(c), Aug. 5, 1997, 111 Stat. 885, provided that: “The amendments made by this section [enacting this section] shall apply to expenditures paid or incurred after the date of the enactment of this Act [Aug. 5, 1997], in taxable years ending after such date.”

**§ 198A. Expensing of qualified disaster expenses**

**(a) In general**

A taxpayer may elect to treat any qualified disaster expenses which are paid or incurred by the taxpayer as an expense which is not chargeable to capital account. Any expense which is so treated shall be allowed as a deduction for the taxable year in which it is paid or incurred.

**(b) Qualified disaster expense**

For purposes of this section, the term “qualified disaster expense” means any expenditure—

(1) which is paid or incurred in connection with a trade or business or with business-related property,

(2) which is—

(A) for the abatement or control of hazardous substances that were released on account of a federally declared disaster occurring before January 1, 2010,

(B) for the removal of debris from, or the demolition of structures on, real property which is business-related property damaged or destroyed as a result of a federally declared disaster occurring before such date, or

(C) for the repair of business-related property damaged as a result of a federally declared disaster occurring before such date, and

(3) which is otherwise chargeable to capital account.

**(c) Other definitions**

For purposes of this section—

**(1) Business-related property**

The term “business-related property” means property—

(A) held by the taxpayer for use in a trade or business or for the production of income, or

(B) described in section 1221(a)(1) in the hands of the taxpayer.

**(2) Federally declared disaster**

The term “federally declared disaster” has the meaning given such term by section 165(h)(3)(C)(i).

**(d) Deduction recaptured as ordinary income on sale, etc.**

Solely for purposes of section 1245, in the case of property to which a qualified disaster expense would have been capitalized but for this section—

(1) the deduction allowed by this section for such expense shall be treated as a deduction for depreciation, and

(2) such property (if not otherwise section 1245 property) shall be treated as section 1245 property solely for purposes of applying section 1245 to such deduction.

**(e) Coordination with other provisions**

Sections 198, 280B, and 468 shall not apply to amounts which are treated as expenses under this section.

**(f) Regulations**

The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.

(Added Pub. L. 110-343, div. C, title VII, §707(a), Oct. 3, 2008, 122 Stat. 3923.)

**EFFECTIVE DATE**

Pub. L. 110-343, div. C, title VII, §707(c), Oct. 3, 2008, 122 Stat. 3924, provided that: “The amendments made by this section [enacting this section] shall apply to amounts paid or incurred after December 31, 2007[,] in connection with disaster[s] declared after such date.”

**§ 199. Income attributable to domestic production activities**

**(a) Allowance of deduction**

**(1) In general**

There shall be allowed as a deduction an amount equal to 9 percent of the lesser of—

(A) the qualified production activities income of the taxpayer for the taxable year, or

(B) taxable income (determined without regard to this section) for the taxable year.

**(2) Phasein**

In the case of any taxable year beginning after 2004 and before 2010, paragraph (1) shall be applied by substituting for the percentage