

“(B) after December 31, 1989, if such transfer is pursuant to an acquisition occurring after December 31, 1988, and before January 1, 1990.

In the case of any bank or any institution treated as a domestic building and loan association for purposes of section 597 of the 1986 Code by reason of the amendment made by subsection (b)(2)(B), the amendments made by this subsection shall also apply to any transfer before January 1, 1989, to which the amendments made by subsection (b)(2) [amending this section] apply.”

#### EFFECTIVE DATE OF REPEAL

Pub. L. 99-514, title IX, §904(c)(2), Oct. 22, 1986, 100 Stat. 2385, as amended by Pub. L. 100-647, title IV, §4012(a)(2), (c)(2), Nov. 10, 1988, 102 Stat. 3656, 3660, which provided that repeal of this section was to be applicable to transfers after Dec. 31, 1989, in taxable years ending after such date, with exceptions, and which related to clarification of treatment of amounts excluded under this section, was repealed by Pub. L. 101-73, title XIV, §1401(a)(3)(B), (b)(1), Aug. 9, 1989, 103 Stat. 549.

#### EFFECTIVE DATE

Pub. L. 97-34, title II, §246(c), Aug. 13, 1981, 95 Stat. 256, provided that: “The amendment made by section 244 [enacting this section] shall apply to any payment made on or after January 1, 1981.”

#### TRANSFER OF FUNCTIONS

Federal Savings and Loan Insurance Corporation abolished and its functions transferred, see sections 401 to 406 of Pub. L. 101-73, set out as a note under section 1437 of Title 12, Banks and Banking.

#### REPEAL OF PROVISIONS RELATING TO REPEAL OF SPECIAL REORGANIZATION RULES FOR FINANCIAL INSTITUTIONS

Pub. L. 101-73, title XIV, §1401(b)(1), Aug. 9, 1989, 103 Stat. 549, provided that: “Section 904 of the Tax Reform Act of 1986 [Pub. L. 99-514, amending section 368 of this title, repealing this section and enacting provisions set out as notes under sections 368 and 597 of this title] (other than subsection (c)(2)(B) thereof [section 904(c)(2)(B) of Pub. L. 99-514, formerly set out as a note above]) is hereby repealed and the Internal Revenue Code of 1986 shall be applied as if the amendments made by such section had not been enacted.”

#### REFERENCES TO FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Pub. L. 101-73, title XIV, §1401(c)(7), Aug. 9, 1989, 103 Stat. 550, provided that: “Any reference to the Federal Savings and Loan Insurance Corporation in section 597 of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of this Act [Aug. 9, 1989]) shall be treated as including a reference to the Resolution Trust Corporation and the FSLIC Resolution Fund.”

#### ANNUAL REPORTS ON TRANSACTIONS IN WHICH FEDERAL FINANCIAL ASSISTANCE PROVIDED

Pub. L. 101-73, title XIV, §1403, Aug. 9, 1989, 103 Stat. 551, which required the Secretary of the Treasury to submit annual reports to the Senate and to the Committee on Ways and Means of the House of Representatives on transactions with respect to which Federal financial assistance subject to this section was provided, terminated, effective May 15, 2000, pursuant to section 3003 of Pub. L. 104-66, as amended, set out as a note under section 1113 of Title 31, Money and Finance. See, also, page 142 of House Document No. 103-7.

#### [§ 601. Repealed. Pub. L. 94-455, title XIX, § 1901(a)(85), Oct. 4, 1976, 90 Stat. 1778]

Section, act Aug. 16, 1954, ch. 736, 68A Stat. 206, related to a special deduction for bank affiliates.

#### 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.

### Subchapter I—Natural Resources

Part I.	Deductions.
[II.]	Repealed.]
III.	Sales and exchanges.
IV.	Mineral production payments.
V.	Continental shelf areas.

### PART I—DEDUCTIONS

Sec.	
611.	Allowance of deduction for depletion.
612.	Basis for cost depletion.
613.	Percentage depletion.
613A.	Limitations on percentage depletion in case of oil and gas wells. <sup>1</sup>
614.	Definition of property.
[615.]	Repealed.]
616.	Development expenditures.
617.	Deduction and recapture of certain mining exploration expenditures.

#### AMENDMENTS

1990—Pub. L. 101-508, title XI, §11801(b)(7), Nov. 5, 1990, 104 Stat. 1388-522, struck out item for part II “Exclusions from gross income”.

1976—Pub. L. 94-455, title XIX, §1901(b)(21)(H), Oct. 4, 1976, 90 Stat. 1798, struck out item 615 “Exploration expenditures”.

1969—Pub. L. 91-172, title V, §§503(b), 505(c), Dec. 30, 1969, 83 Stat. 631, 634, added items for parts IV and V.

Pub. L. 91-172, title V, §504(c)(5), Dec. 30, 1969, 83 Stat. 633, substituted “Pre-1970 exploration expenditures” for “Exploration expenditures” in item 615 and substituted “Deduction and recapture of certain mining exploration expenditures” for “Additional exploration expenditures in the case of domestic mining” in item 617.

1966—Pub. L. 89-570, §1(d), Sept. 12, 1966, 80 Stat. 762, added item 617.

#### § 611. Allowance of deduction for depletion

##### (a) General rule

In the case of mines, oil and gas wells, other natural deposits, and timber, there shall be allowed as a deduction in computing taxable income a reasonable allowance for depletion and for depreciation of improvements, according to the peculiar conditions in each case; such reasonable allowance in all cases to be made under regulations prescribed by the Secretary. For purposes of this part, the term “mines” includes deposits of waste or residue, the extraction of ores or minerals from which is treated as mining under section 613(c). In any case in which it is ascertained as a result of operations or of development work that the recoverable units are greater or less than the prior estimate thereof, then such prior estimate (but not the basis for depletion) shall be revised and the allowance under this section for subsequent taxable years shall be based on such revised estimate.

##### (b) Special rules

###### (1) Leases

In the case of a lease, the deduction under this section shall be equitably apportioned between the lessor and lessee.

###### (2) Life tenant and remainderman

In the case of property held by one person for life with remainder to another person, the

<sup>1</sup> Editorially supplied. Section 613A added by Pub. L. 94-12 without corresponding amendment of part analysis.