

EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by Pub. L. 105-206 effective, except as otherwise provided, as if included in the provisions of the Taxpayer Relief Act of 1997, Pub. L. 105-34, to which such amendment relates, see section 6024 of Pub. L. 105-206, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105-34 applicable to taxable years of United States persons beginning after Dec. 31, 1997, and to taxable years of foreign corporations ending with or within such taxable years of United States persons, see section 1124 of Pub. L. 105-34, set out as a note under section 532 of this title.

EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by section 1501(b)(10), (11) of Pub. L. 104-188 applicable to taxable years of foreign corporations beginning after Dec. 31, 1996, and to taxable years of United States shareholders within which or with which such taxable years of foreign corporations end, see section 1501(d) of Pub. L. 104-188, set out as a note under section 904 of this title.

Amendment by section 1703(i)(5), (6) of Pub. L. 104-188 effective as if included in the provision of the Revenue Reconciliation Act of 1993, Pub. L. 103-66, §§13001-13444, to which such amendment relates, see section 1703(o) of Pub. L. 104-188, set out as a note under section 39 of this title.

EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-66 applicable to taxable years of foreign corporations beginning after Sept. 30, 1993, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end, see section 13231(e) of Pub. L. 103-66, set out as a note under section 951 of this title.

EFFECTIVE DATE OF 1989 AMENDMENT

Amendment by Pub. L. 101-239 effective, except as otherwise provided, as if included in the provision of the Technical and Miscellaneous Revenue Act of 1988, Pub. L. 100-647, to which such amendment relates, see section 7817 of Pub. L. 101-239, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-647 effective, except as otherwise provided, as if included in the provision of the Tax Reform Act of 1986, Pub. L. 99-514, to which such amendment relates, see section 1019(a) of Pub. L. 100-647, set out as a note under section 1 of this title.

EFFECTIVE DATE

Section applicable to taxable years of foreign corporations beginning after Dec. 31, 1986, see section 1235(h) of Pub. L. 99-514, set out as a note under section 1291 of this title.

**Subchapter Q—Readjustment of Tax Between Years and Special Limitations**

- Part I. Income averaging.
- II. Mitigation of effect of limitations and other provisions.
- [III, IV. Repealed.]
- V. Claim of right.
- [VI. Repealed.]
- VII. Recoveries of foreign expropriation losses.

AMENDMENTS

1997—Pub. L. 105-34, title IX, §933(b), Aug. 5, 1997, 111 Stat. 882, added item for part I.

1986—Pub. L. 99-514, title I, §141(c), Oct. 22, 1986, 100 Stat. 2117, struck out item for part I “Income averaging”.

1981—Pub. L. 97-34, title I, §101(c)(2)(C), Aug. 13, 1981, 95 Stat. 183, struck out item for part VI “Maximum rate on personal service income”.

1976—Pub. L. 94-455, title XIX, §§1901(b)(36)(E), (37)(F), 1951(c)(3)(D), Oct. 4, 1976, 90 Stat. 1802, 1803, 1841, struck out items for parts III and IV “Involuntary liquidation and replacement of LIFO inventories” and “War loss recoveries”, respectively, and substituted in item for part VI “Maximum rate on personal service income” for “Other limitations”.

1966—Pub. L. 89-384, §1(g)(1), Apr. 8, 1966, 80 Stat. 104, added item for part VII.

1964—Pub. L. 88-272, title II, §232(f)(3), Feb. 26, 1964, 78 Stat. 112, substituted “averaging” for “attributable to several taxable years” in item for part I.

**PART I—INCOME AVERAGING**

Sec. 1301. Averaging of farm income.

PRIOR PROVISIONS

A prior part I consisted of sections 1301 to 1305, prior to repeal by Pub. L. 99-514, title I, §141(a), Oct. 22, 1986, 100 Stat. 2117.

**§ 1301. Averaging of farm income**

**(a) In general**

At the election of an individual engaged in a farming business or fishing business, the tax imposed by section 1 for such taxable year shall be equal to the sum of—

(1) a tax computed under such section on taxable income reduced by elected farm income, plus

(2) the increase in tax imposed by section 1 which would result if taxable income for each of the 3 prior taxable years were increased by an amount equal to one-third of the elected farm income.

Any adjustment under this section for any taxable year shall be taken into account in applying this section for any subsequent taxable year.

**(b) Definitions**

In this section—

**(1) Elected farm income**

**(A) In general**

The term “elected farm income” means so much of the taxable income for the taxable year—

(i) which is attributable to any farming business or fishing business; and

(ii) which is specified in the election under subsection (a).

**(B) Treatment of gains**

For purposes of subparagraph (A), gain from the sale or other disposition of property (other than land) regularly used by the taxpayer in such a farming business or fishing business for a substantial period shall be treated as attributable to such a farming business or fishing business.

**(2) Individual**

The term “individual” shall not include any estate or trust.

**(3) Farming business**

The term “farming business” has the meaning given such term by section 263A(e)(4).

**(4) Fishing business**

The term “fishing business” means the conduct of commercial fishing as defined in sec-