

least 5 percent of the construction of the first vessel) must be completed within 6 months after the date of the construction contract (or within the period of an extension under subsection (c)), as estimated by the Secretary and certified by the Secretary to the Secretary of the Treasury; and

(2) construction under the contract must be completed with reasonable dispatch thereafter.

(c) EXTENSIONS.—The Secretary of Transportation may grant extensions of the period within which the deposits must be expended or obligated or within which the construction must have progressed to the extent of 5 percent completion under this section. However, the extensions may not be for a total of more than 2 years for the expenditure or obligation of deposits or one year for the progress of construction.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1589.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
53310(a)	46 App.:1161(g) (less (1)(B)).	June 29, 1936, ch. 858, title V, §511(g), (h), as added Oct. 10, 1940, ch. 849, 54 Stat. 1107; June 17, 1943, ch. 130, subdvs. (c), (d), 57 Stat. 158; July 17, 1952, ch. 939, §§12, 13(a), 66 Stat. 763; Pub. L. 86-237, §1, Sept. 8, 1959, 73 Stat. 471; Pub. L. 87-303, §3, Sept. 26, 1961, 75 Stat. 661; Pub. L. 87-782, §1, Oct. 10, 1962, 76 Stat. 796; Pub. L. 88-227, §1, Dec. 23, 1963, 77 Stat. 470; Pub. L. 88-595, §1, Sept. 12, 1964, 78 Stat. 943; Pub. L. 97-31, §12(92), Aug. 6, 1981, 95 Stat. 161.
53310(b)	46 App.:1161(g)(1)(B).	
53310(c)	46 App.:1161(h).	

In this section, the language about joint regulations in 46 App. U.S.C. 1161(g) and (h) is omitted as unnecessary because of section 53302(b) of the revised title.

In subsection (a), the words “(i) two years from the date of deposit or the date of any extension thereof which may be granted by the Secretary of Transportation pursuant to the provisions of subsection (h) of this section, in the case of deposits made prior to the date on which these amendatory provisions become effective, or” in 46 App. U.S.C. 1161(g)(1) and (2) are omitted as obsolete. In paragraph (1)(A), the words “or, with the approval of the Secretary of Transportation, for a part interest in a new vessel or for the reconstruction or reconditioning of a new vessel” are substituted for “(or in the discretion of the Secretary of Transportation, for a part interest therein), or, with the approval of the Secretary of Transportation, for the reconstruction or reconditioning of a new vessel or vessels” to eliminate unnecessary words.

In subsection (c), the proviso in 46 App. U.S.C. 1161(h) is omitted as obsolete.

§ 53311. Taxation of deposits on failure of conditions

A deposited gain, if otherwise taxable income under the law applicable to the taxable year in which the gain was realized, shall be included in gross income for that taxable year, except for purposes of the declared value excess profits tax and the capital stock tax, if—

(1) the deposited gain is not expended or obligated within the appropriate period under section 53310 of this title;

(2) the deposited gain is withdrawn before the end of that period;

(3) the construction related to that deposited gain has not progressed to the extent of 5 percent of completion within the appropriate period under section 53310 of this title; or

(4) the Secretary of Transportation finds and certifies to the Secretary of the Treasury that, for causes within the control of the taxpayer, the entire construction related to that deposited gain is not completed with reasonable dispatch.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1590.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
53311	46 App.:1161(i).	June 29, 1936, ch. 858, title V, §511(i), as added Oct. 10, 1940, ch. 849, 54 Stat. 1107; July 17, 1952, ch. 939, §13(b), 66 Stat. 764; Pub. L. 97-31, §12(92)(A), Aug. 6, 1981, 95 Stat. 161.

The last sentence of 46 App. U.S.C. 1161(i) is omitted as obsolete.

§ 53312. Assessment and collection of deficiency tax

Notwithstanding any other provision of law, a deficiency in tax for a taxable year resulting from the inclusion of an amount in gross income as provided by section 53311 of this title, and the amount to be treated as a deficiency under section 53311 instead of as an adjustment for the declared value excess profits tax, may be assessed or a civil action may be brought to collect the deficiency without assessment, at any time. Interest on a deficiency or amount to be treated as a deficiency does not begin until the date the deposited gain or part of the deposited gain in question is required to be included in gross income under section 51111.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1590.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
53312	46 App.:1161(j).	June 29, 1936, ch. 858, title V, §511(j), as added Oct. 10, 1940, ch. 849, 54 Stat. 1108.

CHAPTER 535—CAPITAL CONSTRUCTION FUNDS

- Sec. 53501. Definitions.
- 53502. Regulations.
- 53503. Establishing a capital construction fund.
- 53504. Deposits and withdrawals.
- 53505. Ceiling on deposits.
- 53506. Investment and fiduciary requirements.
- 53507. Nontaxation of deposits.
- 53508. Separate accounts within a fund.
- 53509. Qualified withdrawals.
- 53510. Tax treatment of qualified withdrawals and basis of property.
- 53511. Tax treatment of nonqualified withdrawals.
- 53512. FIFO and LIFO withdrawals.
- 53513. Corporate reorganizations and partnership changes.
- 53514. Relationship of old fund to new fund.
- 53515. Records and reports.