

which such amendment relates, see section 201 of Pub. L. 96-222, set out as a note under section 32 of this title.

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by section 213(c)(3)(B) of Pub. L. 94-455 applicable in the case of partnership taxable years beginning after Dec. 31, 1975, see section 213(f)(1) of Pub. L. 94-455, set out as a note under section 709 of this title.

PLAN AMENDMENTS NOT REQUIRED UNTIL
JANUARY 1, 1989

For provisions directing that if any amendments made by subtitle A or subtitle C of title XI [§§ 1101-1147 and 1171-1177] or title XVIII [§§ 1800-1899A] of Pub. L. 99-514 require an amendment to any plan, such plan amendment shall not be required to be made before the first plan year beginning on or after Jan. 1, 1989, see section 1140 of Pub. L. 99-514, as amended, set out as a note under section 401 of this title.

PART IV—SPECIAL RULES FOR ELECTING
LARGE PARTNERSHIPS

- Sec. 771. Application of subchapter to electing large partnerships.
- 772. Simplified flow-through.
- 773. Computations at partnership level.
- 774. Other modifications.
- 775. Electing large partnership defined.
- 776. Special rules for partnerships holding oil and gas properties.
- 777. Regulations.

PRIOR PROVISIONS

A prior part IV, relating to effective date for subchapter, consisted of section 771 of this title, prior to repeal by Pub. L. 94-455, title XIX, § 1901(a)(94), Oct. 4, 1976, 90 Stat. 1780.

AMENDMENTS

1997—Pub. L. 105-34, title XII, § 1221(a), Aug. 5, 1997, 111 Stat. 1001, added part heading and section analysis.

§ 771. Application of subchapter to electing large partnerships

The preceding provisions of this subchapter to the extent inconsistent with the provisions of this part shall not apply to an electing large partnership and its partners.

(Added Pub. L. 105-34, title XII, § 1221(a), Aug. 5, 1997, 111 Stat. 1002.)

PRIOR PROVISIONS

A prior section 771, act Aug. 16, 1954, ch. 736, 68A Stat. 253, related to the effective date for this subchapter, prior to repeal by Pub. L. 94-455, title XIX, § 1901(a)(94), Oct. 4, 1976, 90 Stat. 1780.

EFFECTIVE DATE

Pub. L. 105-34, title XII, § 1221(c), Aug. 5, 1997, 111 Stat. 1008, provided that: "The amendments made by this section [enacting this part] shall apply to partnership taxable years beginning after December 31, 1997."

This part applicable to partnership taxable years beginning after Dec. 31, 1997, see section 1226 of Pub. L. 105-34, as amended, set out as an Effective Date of 1997 Amendment note under section 6011 of this title.

§ 772. Simplified flow-through

(a) General rule

In determining the income tax of a partner of an electing large partnership, such partner shall take into account separately such partner's distributive share of the partnership's—

- (1) taxable income or loss from passive loss limitation activities,
- (2) taxable income or loss from other activities,
- (3) net capital gain (or net capital loss)—
 - (A) to the extent allocable to passive loss limitation activities, and
 - (B) to the extent allocable to other activities,
- (4) tax-exempt interest,
- (5) applicable net AMT adjustment separately computed for—
 - (A) passive loss limitation activities, and
 - (B) other activities,
- (6) general credits,
- (7) low-income housing credit determined under section 42,
- (8) rehabilitation credit determined under section 47,
- (9) foreign income taxes, and
- (10) other items to the extent that the Secretary determines that the separate treatment of such items is appropriate.

(b) Separate computations

In determining the amounts required under subsection (a) to be separately taken into account by any partner, this section and section 773 shall be applied separately with respect to such partner by taking into account such partner's distributive share of the items of income, gain, loss, deduction, or credit of the partnership.

(c) Treatment at partner level

(1) In general

Except as provided in this subsection, rules similar to the rules of section 702(b) shall apply to any partner's distributive share of the amounts referred to in subsection (a).

(2) Income or loss from passive loss limitation activities

For purposes of this chapter, any partner's distributive share of any income or loss described in subsection (a)(1) shall be treated as an item of income or loss (as the case may be) from the conduct of a trade or business which is a single passive activity (as defined in section 469). A similar rule shall apply to a partner's distributive share of amounts referred to in paragraphs (3)(A) and (5)(A) of subsection (a).

(3) Income or loss from other activities

(A) In general

For purposes of this chapter, any partner's distributive share of any income or loss described in subsection (a)(2) shall be treated as an item of income or expense (as the case may be) with respect to property held for investment.

(B) Deductions for loss not subject to section 67

The deduction under section 212 for any loss described in subparagraph (A) shall not be treated as a miscellaneous itemized deduction for purposes of section 67.

(4) Treatment of net capital gain or loss

For purposes of this chapter, any partner's distributive share of any gain or loss described