

may be) was provided for in a written agreement, to which all of the shareholders of the terminal railroad corporation were parties, entered into before the beginning of such taxable year.

**(d) Definitions**

For purposes of this section—

**(1) Terminal railroad corporation**

The term “terminal railroad corporation” means a domestic railroad corporation which is not a member, other than as a common parent corporation, of an affiliated group (as defined in section 1504) and—

(A) all of the shareholders of which are rail carriers subject to part A of subtitle IV of title 49;

(B) the primary business of which is the providing of railroad terminal and switching facilities and services to rail carriers subject to part A of subtitle IV of title 49 and to the shippers and passengers of such railroad corporations;

(C) a substantial part of the services of which for the taxable year is rendered to one or more of its shareholders; and

(D) each shareholder of which computes its taxable income on the basis of a taxable year beginning or ending on the same day that the taxable year of the terminal railroad corporation begins or ends.

**(2) Related terminal income**

The term “related terminal income” means the income (determined in accordance with regulations prescribed by the Secretary) of a terminal railroad corporation derived—

(A) from services or facilities of a character ordinarily and regularly provided by terminal railroad corporations for railroad corporations or for the employees, passengers, or shippers of railroad corporations;

(B) from the use by persons other than railroad corporations of portions of a facility, or a service which is used primarily for railroad purposes;

(C) from any railroad corporation for services or facilities provided by such terminal railroad corporation in connection with railroad operations; and

(D) from the United States in payment for facilities or services in connection with mail handling.

For purposes of subparagraph (B), a substantial addition, constructed after the date of the enactment of this section, to a facility shall be treated as a separate facility.

**(3) Related terminal services**

The term “related terminal services” includes only services, and the use of facilities, taken into account in computing related terminal income.

**(e) Regulations**

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

(Added Pub. L. 87-870, §1(a), Oct. 23, 1962, 76 Stat. 1158; amended Pub. L. 94-455, title XIX, §§1901(a)(40), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1771, 1834; Pub. L. 95-473, §2(a)(2)(D), (E), Oct. 17,

1978, 92 Stat. 1464; Pub. L. 104-88, title III, §304(b), Dec. 29, 1995, 109 Stat. 943.)

REFERENCES IN TEXT

The date of the enactment of this section, referred to in subsecs. (a)(2), (d)(2), refers to the date of enactment of Pub. L. 87-870, which was approved Oct. 23, 1962.

AMENDMENTS

1995—Subsec. (d)(1)(A), (B). Pub. L. 104-88 substituted “rail carriers subject to part A of subtitle IV” for “domestic railroad corporations providing transportation subject to subchapter I of chapter 105”.

1978—Subsec. (d)(1)(A). Pub. L. 95-473, §2(a)(2)(D), substituted “providing transportation subject to subchapter I of chapter 105 of title 49” for “subject to part I of the Interstate Commerce Act (49 U.S.C. 1 and following)”.

Subsec. (d)(1)(B). Pub. L. 95-473, §2(a)(2)(E), substituted “providing transportation subject to subchapter I of chapter 105 of title 49” for “subject to part I of the Interstate Commerce Act”.

1976—Subsec. (d)(1)(A). Pub. L. 94-455, §1901(a)(40)(A), inserted “(49 U.S.C. 1 and following)” after “Interstate Commerce Act”.

Subsecs. (e), (f). Pub. L. 94-455, §§1901(a)(40)(B), 1906(b)(13)(A), redesignated subsec. (f) as (e) and struck out “or his delegate” after “Secretary”. Former subsec. (e), which made special provision for the application of this section to taxable years ending before Oct. 23, 1962, was struck out.

EFFECTIVE DATE OF 1995 AMENDMENT

Amendment by Pub. L. 104-88 effective Jan. 1, 1996, see section 2 of Pub. L. 104-88, set out as an Effective Date note under section 701 of Title 49, Transportation.

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by section 1901(a)(40) of Pub. L. 94-455 effective for taxable years beginning after Dec. 31, 1976, see section 1901(d) of Pub. L. 94-455, set out as a note under section 2 of this title.

EFFECTIVE DATE

Pub. L. 87-870, §2(a), Oct. 23, 1962, 76 Stat. 1160, provided that: “The amendments made by the first section of this Act [enacting this section] shall apply with respect to taxable years beginning after December 31, 1953, and ending after August 16, 1954.”

INTERNAL REVENUE CODE OF 1939; INCLUSION OF TERMINAL RAILROAD CORPORATIONS AND THEIR SHAREHOLDERS PROVISION

Pub. L. 87-870, §2(b), Oct. 23, 1962, 76 Stat. 1160, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: “Provisions having the same effect as section 281 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] (as added by the first section of this Act) shall be deemed to be included in the Internal Revenue Code of 1939, effective with respect to all taxable years to which such Code applies.”

PART XI—SPECIAL RULES RELATING TO CORPORATE PREFERENCE ITEMS

Sec. 291. Special rules relating to corporate preference items.

AMENDMENTS

1982—Pub. L. 97-248, title II, §204(a), Sept. 3, 1982, 96 Stat. 423, added part XI heading and analysis of sections consisting of item 291.

**§ 291. Special rules relating to corporate preference items**

**(a) Reduction in certain preference items, etc.**

For purposes of this subtitle, in the case of a corporation—