

ment, text read as follows: “The Secretary shall define the terms ‘loan’ and ‘eligible loan’ and prescribe such regulations as may be necessary to carry out the purposes of this section; except that the term ‘eligible loan’ shall not include—

“(A) a loan to a bank (as defined in section 581),

“(B) a loan to a domestic branch of a foreign corporation to which subsection (a)(2) applies,

“(C) a loan secured by a deposit (i) in the lending bank, or (ii) in an institution described in subparagraph (A) or (B) if the lending bank has control over withdrawal of such deposit,

“(D) a loan to or guaranteed by the United States, a possession or instrumentality thereof, or a State or a political subdivision thereof,

“(E) a loan evidenced by a security as defined in section 165(g)(2)(C),

“(F) a loan of Federal funds, and

“(G) commercial paper, including short-term promissory notes which may be purchased on the open market.” Former par. (3) redesignated (2).

Subsec. (b)(4). Pub. L. 101-508, §11801(c)(12)(D), redesignated par. (4) as (3).

1988—Subsec. (c)(3)(A)(iii)(I). Pub. L. 100-647, §1009(a)(2)(B), substituted “such higher percentage of such net amount as the taxpayer may elect” for “such greater amount as the taxpayer may designate”.

Subsec. (c)(3)(B)(ii). Pub. L. 100-647, §1009(a)(2)(C), substituted “elects a higher percentage” for “designates an amount”.

Subsec. (c)(4). Pub. L. 100-647, §1009(a)(3), inserted at end “If the amount of the reserve referred to in subparagraph (B) as of the close of any taxable year exceeds the outstanding balance (as of such time) of the loans referred to in subparagraph (B), such excess shall be included in gross income for such taxable year.”

Subsec. (c)(5)(C). Pub. L. 100-647, §1009(a)(2)(A), added subpar. (C).

1987—Subsec. (c)(3)(C). Pub. L. 100-203 substituted “section 6655(e)(2)(A)(i)” for “section 6655(d)(3)”.

1986—Subsec. (a). Pub. L. 99-514, §901(a)(1), amended subsec. (a) generally. Prior to amendment, subsec. (a) read as follows: “This section shall apply to the following financial institutions:

“(1) any bank (as defined in section 581) other than an organization to which section 593 applies, and

“(2) any corporation to which paragraph (1) would apply except for the fact that it is a foreign corporation, and in the case of any such foreign corporation this section shall apply only with respect to loans outstanding the interest on which is effectively connected with the conduct of a banking business within the United States.”

Subsec. (b)(1). Pub. L. 99-514, §901(d)(1), substituted “subsection (a)” for “section 166(c)”.

Subsec. (c). Pub. L. 99-514, §901(a)(2), added subsec. (c).

1981—Subsec. (b)(2). Pub. L. 97-34 defined “allowable percentage” to mean 1.0 percent for taxable years beginning in 1982 and 0.6 percent for taxable years beginning after 1982, previously so applicable for taxable years beginning after 1981 and redefined “base year” by substituting the last taxable year beginning before 1976 for taxable years beginning after 1975 but before 1983, for the last taxable year beginning before 1976 for taxable years after 1975 but before 1982; and the last taxable year beginning before 1983 for taxable years beginning after 1982, for the last taxable year beginning before 1982 for taxable years beginning after 1981.

1976—Subsec. (b)(3), (4). Pub. L. 94-455 struck out “or his delegate” after “Secretary”.

EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by Pub. L. 104-188 applicable to taxable years beginning after Dec. 31, 1995, see section 1616(c) of Pub. L. 104-188, set out as a note under section 593 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 OF 1987 AMENDMENT

Pub. L. 100-203, title X, §10301(c), Dec. 22, 1987, 101 Stat. 1330-429, provided that: “The amendments made by this section [amending this section and sections 6201, 6425, 6601, 6651, and 6655 of this title and repealing section 6154 of this title] shall apply to taxable years beginning after December 31, 1987.”

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 applicable to taxable years beginning after Dec. 31, 1986, see section 901(e) of Pub. L. 99-514, set out as a note under section 166 of this title.

EFFECTIVE DATE OF 1981 AMENDMENT

Pub. L. 97-34, title II, §267(b), Aug. 13, 1981, 95 Stat. 267, provided that: “The amendment made by subsection (a) [amending this section] shall apply to taxable years beginning after 1981.”

EFFECTIVE DATE

Pub. L. 91-172, title IV, §431(d), Dec. 30, 1969, 83 Stat. 620, provided that: “The amendments made by subsections (a) [enacting this section and section 586 of this title] and (c) [amending section 166 of this title] shall apply to taxable years beginning after July 11, 1969.”

SAVINGS PROVISION

For provisions that nothing in amendment by Pub. L. 101-508 be construed to affect treatment of certain transactions occurring, property acquired, or items of income, loss, deduction, or credit taken into account prior to Nov. 5, 1990, for purposes of determining liability for tax for periods ending after Nov. 5, 1990, see section 11821(b) of Pub. L. 101-508, set out as a note under section 45K of this title.

[§ 586. Repealed. Pub. L. 99-514, title IX, §901(c), Oct. 22, 1986, 100 Stat. 2378]

Section, added Pub. L. 91-172, title IV, §431(a), Dec. 30, 1969, 83 Stat. 618; amended Pub. L. 94-455, title XIX, §1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834, related to reserves for losses on loans of small business investment companies, etc.

EFFECTIVE DATE OF REPEAL

Repeal applicable to taxable years beginning after Dec. 31, 1986, see section 901(e) of Pub. L. 99-514, set out as an Effective Date of 1986 Amendment note under section 166 of this title.

PART II—MUTUAL SAVINGS BANKS, ETC.

Sec.

591. Deduction for dividends paid on deposits.
 [592. Repealed.]
 593. Reserves for losses on loans.
 594. Alternative tax for mutual savings banks conducting life insurance business.
 [595, 596. Repealed.]
 597. Treatment of transactions in which Federal financial assistance provided.

AMENDMENTS

1996—Pub. L. 104-188, title I, §1616(b)(16), Aug. 20, 1996, 110 Stat. 1857, struck out items 595 “Foreclosure on property securing loans” and 596 “Limitation on dividends received deduction”.

1989—Pub. L. 101-73, title XIV, §1401(b)(1), Aug. 9, 1989, 103 Stat. 549, repealed amendment made by Pub. L. 99-514, §904(b)(2), see 1986 Amendment note below.

Pub. L. 101-73, title XIV, §1401(a)(3)(C), Aug. 9, 1989, 103 Stat. 549, substituted “Treatment of transactions in