

the 12-month period immediately preceding his taxable year which includes August 7, 1969, over

“(ii) the aggregate amount of production payments carved out before August 7, 1969, by the taxpayer during his taxable year which includes such date, or

“(B) the amount necessary to increase the amount of the taxpayer’s gross income, within the meaning of chapter 1 of subtitle A of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] [this title], for the taxable year which includes August 7, 1969, to an amount equal to the amount of deductions (other than any deduction under section 172 of such Code) allowable for such year under such chapter.

The preceding sentence shall not apply for purposes of determining the amount of any deduction allowable under section 611 or the amount of foreign tax credit allowable under section 904 of such Code.”

**PART V—CONTINENTAL SHELF AREAS**

Sec.  
638. Continental shelf areas.

**AMENDMENTS**

1969—Pub. L. 91-172, title V, §505(a), Dec. 30, 1969, 83 Stat. 634, added part heading and section analysis.

**§ 638. Continental shelf areas**

For purposes of applying the provisions of this chapter (including sections 861(a)(3) and 862(a)(3) in the case of the performance of personal services) with respect to mines, oil and gas wells, and other natural deposits—

(1) the term “United States” when used in a geographical sense includes the seabed and subsoil of those submarine areas which are adjacent to the territorial waters of the United States and over which the United States has exclusive rights, in accordance with international law, with respect to the exploration and exploitation of natural resources; and

(2) the terms “foreign country” and “possession of the United States” when used in a geographical sense include the seabed and subsoil of those submarine areas which are adjacent to the territorial waters of the foreign country or such possession and over which the foreign country (or the United States in case of such possession) has exclusive rights, in accordance with international law, with respect to the exploration and exploitation of natural resources, but this paragraph shall apply in the case of a foreign country only if it exercises, directly or indirectly, taxing jurisdiction with respect to such exploration or exploitation.

No foreign country shall, by reason of the application of this section, be treated as a country contiguous to the United States.

(Added Pub. L. 91-172, title V, §505(a), Dec. 30, 1969, 83 Stat. 634.)

**Subchapter J—Estates, Trusts, Beneficiaries, and Decedents**

Part  
I. Estates, trusts, and beneficiaries.  
II. Income in respect of decedents.

**PART I—ESTATES, TRUSTS, AND BENEFICIARIES**

Subpart  
A. General rules for taxation of estates and trusts.

Subpart  
B. Trusts which distribute current income only.  
C. Estates and trusts which may accumulate income or which distribute corpus.  
D. Treatment of excess distributions by trusts.  
E. Grantors and others treated as substantial owners.  
F. Miscellaneous.

**SUBPART A—GENERAL RULES FOR TAXATION OF ESTATES AND TRUSTS**

Sec.  
641. Imposition of tax.  
642. Special rules for credits and deductions.  
643. Definitions applicable to subparts A, B, C, and D.  
644. Taxable year of trusts.  
645. Certain revocable trusts treated as part of estate.  
646. Tax treatment of electing Alaska Native Settlement Trusts.

**AMENDMENTS**

2001—Pub. L. 107-16, title VI, §671(c)(1), June 7, 2001, 115 Stat. 147, added item 646.

1998—Pub. L. 105-206, title VI, §6013(a)(2), July 22, 1998, 112 Stat. 819, renumbered item 646 as 645.

1997—Pub. L. 105-34, title V, §507(b)(3), title XIII, §1305(c), Aug. 5, 1997, 111 Stat. 857, 1041, added items 644 and 646 and struck out former items 644 “Special rule for gain on property transferred to trust at less than fair market value” and 645 “Taxable year of trusts”.

1986—Pub. L. 99-514, title XIV, §1403(b), Oct. 22, 1986, 100 Stat. 2713, added item 645.

1976—Pub. L. 94-455, title VII, §701(g)(2), Oct. 4, 1976, 90 Stat. 1580, added item 644.

**§ 641. Imposition of tax**

**(a) Application of tax**

The tax imposed by section 1(e) shall apply to the taxable income of estates or of any kind of property held in trust, including—

(1) income accumulated in trust for the benefit of unborn or unascertained persons or persons with contingent interests, and income accumulated or held for future distribution under the terms of the will or trust;

(2) income which is to be distributed currently by the fiduciary to the beneficiaries, and income collected by a guardian of an infant which is to be held or distributed as the court may direct;

(3) income received by estates of deceased persons during the period of administration or settlement of the estate; and

(4) income which, in the discretion of the fiduciary, may be either distributed to the beneficiaries or accumulated.

**(b) Computation and payment**

The taxable income of an estate or trust shall be computed in the same manner as in the case of an individual, except as otherwise provided in this part. The tax shall be computed on such taxable income and shall be paid by the fiduciary. For purposes of this subsection, a foreign trust or foreign estate shall be treated as a non-resident alien individual who is not present in the United States at any time.

**(c) Special rules for taxation of electing small business trusts**

**(1) In general**

For purposes of this chapter—