

Amendment by section 701(f)(3)(C), (E) of Pub. L. 95-600 effective as if included within the amendment of subsec. (b)(3) and (4) by section 2124 of Pub. L. 94-455, see section 701(f)(8) of Pub. L. 95-600, set out as an Effective and Termination Dates of 1978 Amendments note under section 167 of this title.

#### EFFECTIVE DATE OF 1976 AMENDMENT

Pub. L. 94-455, title II, §202(d), Oct. 4, 1976, 90 Stat. 1530, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: "The amendments made by this section (other than subsection (b)) [amending this section and section 167 of this title] shall apply for taxable years ending after December 31, 1975. The amendment made by subsection (b) [amending this section] shall apply with respect to proceedings (and to operations of law) referred to in section 1250(d)(10) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] which began after December 31, 1975."

Amendment by section 1901(b)(3)(K), (31)(A), (B), (E) 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.

Amendment by section 1951(c)(2)(C) of Pub. L. 94-455 applicable to taxable years beginning after Dec. 31, 1976, see section 1951(d) of Pub. L. 94-455, set out as a note under section 72 of this title.

Amendment by section 2122(b)(4) of Pub. L. 94-455 applicable to taxable years beginning after Dec. 31, 1976, and before Jan. 1, 1983, see section 2122(c) of Pub. L. 94-455, as amended by Pub. L. 96-167, 9(c), Dec. 29, 1979, 93 Stat. 1278, set out as a note under section 190 of this title.

Amendment by section 2124(a)(3)(D) of Pub. L. 94-455 applicable with respect to additions to capital accounts made after June 14, 1976 and before June 15, 1981, see section 2124(a)(4) of Pub. L. 94-455, set out as an Effective Date note under section 642 of this title.

#### EFFECTIVE DATE OF 1975 AMENDMENTS

Pub. L. 94-81, §2(c), Aug. 9, 1975, 89 Stat. 418, provided that:

"(1) IN GENERAL.—Except as provided in paragraph (2) the amendments made by this section [amending this section and section 1245 of this title] shall apply to dispositions after December 31, 1969, in taxable years ending after such date.

"(2) ELECTION FOR PAST TRANSACTIONS.—In the case of any disposition occurring before the date of the enactment of this Act [Aug. 9, 1975], the amendments made by this section shall apply only if the organization acquiring the property elects (in the manner provided by regulations prescribed by the Secretary of the Treasury or his delegate) within 1 year after the date of the enactment of this Act to have such amendments apply with respect to such property."

Amendment by Pub. L. 93-625 applicable with respect to property placed in service after Dec. 31, 1973, see section 5(d) of Pub. L. 93-625, set out as a note under section 167 of this title.

#### EFFECTIVE DATE OF 1971 AMENDMENT

Amendment by Pub. L. 92-178 applicable to taxable years ending after Dec. 31, 1971, see section 303(d) of Pub. L. 92-178, set out as a note under section 642 of this title.

#### EFFECTIVE DATE OF 1969 AMENDMENT

Amendment by section 521(b), (c), (e) of Pub. L. 91-172 applicable with respect to taxable years ending after July 24, 1969, see section 521(g) of Pub. L. 91-172, set out as a note under section 167 of this title.

Amendment by section 704(b)(5) of Pub. L. 91-172 applicable to taxable years ending after Dec. 31, 1968, see section 704(c) of Pub. L. 91-172, set out as an Effective Date note under section 169 of this title.

Pub. L. 91-172, title IX, §910(d), Dec. 30, 1969, 83 Stat. 722, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: "The amendments made by

this section [enacting section 1039 of this title and amending this section] shall apply to approved dispositions of qualified housing projects (within the meaning of section 1039 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] as added by subsection (a)) after October 9, 1969."

#### EFFECTIVE DATE

Pub. L. 88-272, title II, §231(c), Feb. 26, 1964, 78 Stat. 105, provided that: "The amendments made by this section [enacting this section and amending sections 170, 301, 312, 341, 453, 751, and the analysis preceding section 1231 of this title] shall apply to dispositions after December 31, 1963, in taxable years ending after such date."

#### 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.

### [§ 1251. Repealed. Pub. L. 98-369, div. A, title IV, § 492(a), July 18, 1984, 98 Stat. 853]

Section, added Pub. L. 91-172, title II, §211(a), Dec. 30, 1969, 83 Stat. 566; amended Pub. L. 92-178, title III, §305(a), Dec. 10, 1971, 85 Stat. 524; Pub. L. 94-455, title II, §206(a), (b)(1), (2), title XIV, §1402(b)(1)(Z), (2), title XIX, §§1901(b)(3)(K), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1535, 1732, 1793, 1834; Pub. L. 97-354, §5(a)(36), Oct. 19, 1982, 96 Stat. 1695; Pub. L. 98-369, div. A, title X, §1001(b)(23), (e), July 18, 1984, 98 Stat. 1012, related to gain from disposition of property used in farming where farm losses offset nonfarm income.

#### EFFECTIVE DATE OF REPEAL

Repeal applicable to taxable years beginning after Dec. 31, 1983, see section 492(d) of Pub. L. 98-369, set out as an Effective Date of 1984 Amendment note under section 170 of this title.

### § 1252. Gain from disposition of farm land

#### (a) General rule

##### (1) Ordinary income

Except as otherwise provided in this section, if farm land which the taxpayer has held for less than 10 years is disposed of during a taxable year beginning,<sup>1</sup> the lower of—

(A) the applicable percentage of the aggregate of the deductions allowed under sections 175 (relating to soil and water conservation expenditures) and 182<sup>2</sup> (as in effect on the day before the date of the enactment of the Tax Reform Act of 1986) for expenditures made by the taxpayer with respect to the farm land or

(B) the excess of—

(i) the amount realized (in the case of a sale, exchange, or involuntary conversion), or the fair market value of the farm land (in the case of any other disposition), over

(ii) the adjusted basis of such land,

shall be treated as ordinary income. Such gain shall be recognized notwithstanding any other provision of this subtitle.

##### (2) Farm land

For purposes of this section, the term "farm land" means any land with respect to which

<sup>1</sup> So in original.

<sup>2</sup> See References in Text note below.

deductions have been allowed under sections 175 (relating to soil and water conservation expenditures) or 182<sup>2</sup> (relating to expenditures by farmers for clearing land).

**(3) Applicable percentage**

For purposes of this section—

<b>If the farm land is disposed of—</b>	<b>The applicable percentage is—</b>
Within 5 years after the date it was acquired .....	100 percent.
Within the sixth year after it was acquired .....	80 percent.
Within the seventh year after it was acquired .....	60 percent.
Within the eighth year after it was acquired .....	40 percent.
Within the ninth year after it was acquired .....	20 percent.
10 years or more years after it was acquired .....	0 percent.

**(b) Special rules**

Under regulations prescribed by the Secretary, rules similar to the rules of section 1245 shall be applied for purposes of this section.

(Added Pub. L. 91-172, title II, §214(a), Dec. 30, 1969, 83 Stat. 572; amended Pub. L. 94-455, title XIX, §§1901(b)(3)(K), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1793, 1834; Pub. L. 98-369, div. A, title IV, §492(b)(5), July 18, 1984, 98 Stat. 854; Pub. L. 99-514, title IV, §402(b)(2), Oct. 22, 1986, 100 Stat. 2221; Pub. L. 113-295, div. A, title II, §221(a)(85), Dec. 19, 2014, 128 Stat. 4049.)

REFERENCES IN TEXT

Section 182, referred to in subsec. (a), was repealed by Pub. L. 99-514, title IV, §402(a), Oct. 22, 1986, 100 Stat. 2221.

The date of the enactment of the Tax Reform Act of 1986, referred to in subsec. (a)(1)(A), is the date of enactment of Pub. L. 99-514, which was approved Oct. 22, 1986.

AMENDMENTS

2014—Subsec. (a)(1). Pub. L. 113-295, §221(a)(85)(A), struck out “after December 31, 1969” after “beginning” in introductory provisions.

Subsec. (a)(1)(A). Pub. L. 113-295, §221(a)(85)(B), struck out “after December 31, 1969,” after “taxpayer”.

1986—Subsec. (a)(1)(A). Pub. L. 99-514 substituted “(as in effect on the day before the date of the enactment of the Tax Reform Act of 1986)” for “(relating to expenditures by farmers for clearing land)”.

1984—Subsec. (a)(1). Pub. L. 98-369 struck out “, except that this section shall not apply to the extent section 1251 applies to such gain” after “of this subtitle” in last sentence.

1976—Subsec. (a)(1). Pub. L. 94-455, §1901(b)(3)(K), substituted “ordinary income” for “gain from the sale or exchange of property which is neither a capital asset nor property described in section 1231”.

Subsec. (b). Pub. L. 94-455, §1906(b)(13)(A), struck out “or his delegate” after “Secretary”.

EFFECTIVE DATE OF 2014 AMENDMENT

Amendment by Pub. L. 113-295 effective Dec. 19, 2014, subject to a savings provision, see section 221(b) of Pub. L. 113-295, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 applicable to amounts paid or incurred after Dec. 31, 1985, in taxable years ending after such date, see section 402(c) of Pub. L. 99-514, set out as an Effective Date of Repeal note under former section 182 of this title.

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98-369 applicable to taxable years beginning after Dec. 31, 1983, see section 492(d) of Pub. L. 98-369, set out as a note under section 170 of this title.

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by section 1901(b)(3)(K) 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. 91-172, title II, §214(c), Dec. 30, 1969, 83 Stat. 573, provided that: “The amendments made by this section [enacting this section] shall apply to taxable years beginning after December 31, 1969.”

**§ 1253. Transfers of franchises, trademarks, and trade names**

**(a) General rule**

A transfer of a franchise, trademark, or trade name shall not be treated as a sale or exchange of a capital asset if the transferor retains any significant power, right, or continuing interest with respect to the subject matter of the franchise, trademark, or trade name.

**(b) Definitions**

For purposes of this section—

**(1) Franchise**

The term “franchise” includes an agreement which gives one of the parties to the agreement the right to distribute, sell, or provide goods, services, or facilities, within a specified area.

**(2) Significant power, right, or continuing interest**

The term “significant power, right, or continuing interest” includes, but is not limited to, the following rights with respect to the interest transferred:

(A) A right to disapprove any assignment of such interest, or any part thereof.

(B) A right to terminate at will.

(C) A right to prescribe the standards of quality of products used or sold, or of services furnished, and of the equipment and facilities used to promote such products or services.

(D) A right to require that the transferee sell or advertise only products or services of the transferor.

(E) A right to require that the transferee purchase substantially all of his supplies and equipment from the transferor.

(F) A right to payments contingent on the productivity, use, or disposition of the subject matter of the interest transferred, if such payments constitute a substantial element under the transfer agreement.

**(3) Transfer**

The term “transfer” includes the renewal of a franchise, trademark, or trade name.

**(c) Treatment of contingent payments by transferor**

Amounts received or accrued on account of a transfer, sale, or other disposition of a franchise, trademark, or trade name which are con-