

stituted for “December 31, 1997” in such clause.

**(c) Qualified capital gain**

For purposes of this section—

**(1) In general**

Except as otherwise provided in this subsection, the term “qualified capital gain” means any gain recognized on the sale or exchange of—

- (A) a capital asset, or
- (B) property used in the trade or business (as defined in section 1231(b)).

**(2) Gain before 2002 or after 2014 not qualified**

The term “qualified capital gain” shall not include any gain attributable to periods before January 1, 2002, or after December 31, 2014.

**(3) Certain rules to apply**

Rules similar to the rules of paragraphs (3), (4), and (5) of section 1400B(e) shall apply for purposes of this subsection.

**(d) Certain rules to apply**

For purposes of this section, rules similar to the rules of paragraphs (5), (6), and (7) of subsection (b), and subsections (f) and (g), of section 1400B shall apply; except that for such purposes section 1400B(g)(2) shall be applied by substituting “January 1, 2002” for “January 1, 1998” and “December 31, 2014” for “December 31, 2014”.

**(e) Regulations**

The Secretary shall prescribe such regulations as may be appropriate to carry out the purposes of this section, including regulations to prevent the abuse of the purposes of this section.

(Added Pub. L. 106-554, §1(a)(7) [title I, §101(a)], Dec. 21, 2000, 114 Stat. 2763, 2763A-594; amended Pub. L. 108-311, title III, §310(c)(2)(C), Oct. 4, 2004, 118 Stat. 1180; Pub. L. 109-432, div. A, title I, §110(c)(2)(C), Dec. 20, 2006, 120 Stat. 2940; Pub. L. 110-343, div. C, title III, §322(c)(2)(C), Oct. 3, 2008, 122 Stat. 3874.)

AMENDMENTS

2008—Subsec. (d). Pub. L. 110-343 substituted “2014.” for “2012.”.

2006—Subsec. (d). Pub. L. 109-432 substituted “2012” for “2010”.

2004—Subsec. (d). Pub. L. 108-311 substituted “2010” for “2008”.

EFFECTIVE DATE OF 2004 AMENDMENT

Amendment by Pub. L. 108-311 effective Jan. 1, 2004, see section 310(e)(1) of Pub. L. 108-311, set out as a note under section 1400 of this title.

**§ 1400G. Renewal community business defined**

For purposes of this subchapter, the term “renewal community business” means any entity or proprietorship which would be a qualified business entity or qualified proprietorship under section 1397C if references to renewal communities were substituted for references to empowerment zones in such section.

(Added Pub. L. 106-554, §1(a)(7) [title I, §101(a)], Dec. 21, 2000, 114 Stat. 2763, 2763A-596.)

PART III—ADDITIONAL INCENTIVES

Sec.

1400H. Renewal community employment credit.

Sec.

1400I. Commercial revitalization deduction.

1400J. Increase in expensing under section 179.

**§ 1400H. Renewal community employment credit**

**(a) In general**

Subject to the modification in subsection (b), a renewal community shall be treated as an empowerment zone for purposes of section 1396 with respect to wages paid or incurred after December 31, 2001.

**(b) Modification**

In applying section 1396 with respect to renewal communities—

(1) the applicable percentage shall be 15 percent, and

(2) subsection (c) thereof shall be applied by substituting “\$10,000” for “\$15,000” each place it appears.

(Added Pub. L. 106-554, §1(a)(7) [title I, §101(a)], Dec. 21, 2000, 114 Stat. 2763, 2763A-596.)

**§ 1400I. Commercial revitalization deduction**

**(a) General rule**

At the election of the taxpayer, either—

(1) one-half of any qualified revitalization expenditures chargeable to capital account with respect to any qualified revitalization building shall be allowable as a deduction for the taxable year in which the building is placed in service, or

(2) a deduction for all such expenditures shall be allowable ratably over the 120-month period beginning with the month in which the building is placed in service.

**(b) Qualified revitalization buildings and expenditures**

For purposes of this section—

**(1) Qualified revitalization building**

The term “qualified revitalization building” means any building (and its structural components) if—

(A) the building is placed in service by the taxpayer in a renewal community and the original use of the building begins with the taxpayer, or

(B) in the case of such building not described in subparagraph (A), such building—

(i) is substantially rehabilitated (within the meaning of section 47(c)(1)(C)) by the taxpayer, and

(ii) is placed in service by the taxpayer after the rehabilitation in a renewal community.

**(2) Qualified revitalization expenditure**

**(A) In general**

The term “qualified revitalization expenditure” means any amount properly chargeable to capital account for property for which depreciation is allowable under section 168 (without regard to this section) and which is—

(i) nonresidential real property (as defined in section 168(e)), or

(ii) section 1250 property (as defined in section 1250(c)) which is functionally related and subordinate to property described in clause (i).