

[enacting this section] shall apply to transfers made after May 7, 1974, in taxable years ending after such date.”

NONRECOGNITION OF GAIN OR LOSS WHERE ORGANIZATION SOLD CONTRIBUTED PROPERTY BEFORE AUGUST 2, 1973

Pub. L. 93-625, §13(c), Jan. 3, 1975, 88 Stat. 2121, provided that in the case of the sale or exchange of property before Aug. 2, 1973, which was acquired by the exempt political organization by contribution, no gain or loss shall be recognized by such organization.

§ 85. Unemployment compensation

(a) General rule

In the case of an individual, gross income includes unemployment compensation.

(b) Unemployment compensation defined

For purposes of this section, the term “unemployment compensation” means any amount received under a law of the United States or of a State which is in the nature of unemployment compensation.

(Added Pub. L. 95-600, title I, §112(a), Nov. 6, 1978, 92 Stat. 2777; amended Pub. L. 97-34, title I, §103(c)(1), Aug. 13, 1981, 95 Stat. 188; Pub. L. 97-248, title VI, §611(a), Sept. 3, 1982, 96 Stat. 706; Pub. L. 98-21, title I, §§121(f)(1), 122(c)(2), Apr. 20, 1983, 97 Stat. 84, 87; Pub. L. 99-514, title I, §121, Oct. 22, 1986, 100 Stat. 2109; Pub. L. 111-5, div. B, title I, §1007(a), Feb. 17, 2009, 123 Stat. 317; Pub. L. 113-295, div. A, title II, §221(a)(15), Dec. 19, 2014, 128 Stat. 4039.)

AMENDMENTS

2014—Subsec. (c). Pub. L. 113-295 struck out subsec. (c). Text read as follows: “In the case of any taxable year beginning in 2009, gross income shall not include so much of the unemployment compensation received by an individual as does not exceed \$2,400.”

2009—Subsec. (c). Pub. L. 111-5 added subsec. (c).

1986—Subsec. (a). Pub. L. 99-514 substituted “General rule” for “In general” in heading and amended text generally. Prior to amendment, text read as follows: “If the sum for the taxable year of the adjusted gross income of the taxpayer (determined without regard to this section, section 86 and section 221) and the unemployment compensation exceeds the base amount, gross income for the taxable year includes unemployment compensation in an amount equal to the lesser of—

“(1) one-half of the amount of the excess of such sum over the base amount, or

“(2) the amount of the unemployment compensation.”

Subsecs. (b), (c). Pub. L. 99-514, in amending section generally, redesignated former subsec. (c) as (b) and struck out former subsec. (b), “Base amount defined”, which read as follows: “For purposes of this section, the term ‘base amount’ means—

“(1) except as provided in paragraphs (2) and (3), \$12,000,

“(2) \$18,000, in the case of a joint return under section 6013, or

“(3) zero, in the case of a taxpayer who—

“(A) is married at the close of the taxable year (within the meaning of section 143) but does not file a joint return for such year, and

“(B) does not live apart from his spouse at all times during the taxable year.”

1983—Subsec. (a). Pub. L. 98-21, §122(c)(2), struck out “, section 105(d),” after “section 86”.

Pub. L. 98-21, §121(f)(1), inserted “section 86,” after “this section.”

1982—Subsec. (b)(1). Pub. L. 97-248, §611(a)(1), substituted “\$12,000” for “\$20,000”.

Subsec. (b)(2). Pub. L. 97-248, §611(a)(2), substituted “\$18,000” for “\$25,000”.

1981—Subsec. (a). Pub. L. 97-34 substituted “this section, section 105(d), and section 221” for “this section and without regard to section 105(d)” in parenthetical provision preceding par. (1).

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 2009 AMENDMENT

Pub. L. 111-5, div. B, title I, §1007(b), Feb. 17, 2009, 123 Stat. 317, provided that: “The amendment made by this section [amending this section] shall apply to taxable years beginning after December 31, 2008.”

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 applicable to amounts received after Dec. 31, 1986, in taxable years ending after such date, see section 151(b) of Pub. L. 99-514, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1983 AMENDMENT

Amendment by section 121(f)(1) of Pub. L. 98-21 applicable to benefits received after Dec. 31, 1983, in taxable years ending after such date, except for any portion of a lump-sum payment of social security benefits received after Dec. 31, 1983, if the generally applicable payment date for such portion was before Jan. 1, 1984, see section 121(g) of Pub. L. 98-21, set out as an Effective Date note under section 86 of this title.

Amendment by section 122(c)(2) of Pub. L. 98-21 applicable to taxable years beginning after Dec. 31, 1983, except that if an individual’s annuity starting date was deferred under section 105(d)(6) of this title as in effect on the day before Apr. 20, 1983, such deferral shall end on the first day of such individual’s first taxable year beginning after Dec. 31, 1983, see section 122(d) of Pub. L. 98-21, set out as a note under section 22 of this title.

EFFECTIVE DATE OF 1982 AMENDMENT

Pub. L. 97-248, title VI, §611(b), Sept. 3, 1982, 96 Stat. 706, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(1) COMPENSATION PAID AFTER 1981.—The amendments made by this section [amending this section] shall apply to payments of unemployment compensation made after December 31, 1981, in taxable years ending after such date.

“(2) NO ADDITION TO TAX FOR UNDERPAYMENT OF ESTIMATED TAX ATTRIBUTABLE TO APPLICATION OF AMENDMENTS TO COMPENSATION PAID IN 1982.—No addition to tax shall be made under section 6654 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] with respect to any underpayment to the extent such underpayment is attributable to unemployment compensation which is received during 1982 and which (but for the amendments made by subsection (a)) would not be includable in gross income.

“(3) SPECIAL RULE FOR FISCAL YEAR TAXPAYERS.—In the case of a taxable year (other than a calendar year) which includes January 1, 1982—

“(A) the amendments made by this section shall be applied by taking into account the entire amount of unemployment compensation received during such taxable year, but

“(B) the increase in gross income for such taxable year as a result of such amendments shall not exceed the amount of unemployment compensation paid after December 31, 1981.

“(4) UNEMPLOYMENT COMPENSATION DEFINED.—For purposes of this subsection, the term ‘unemployment compensation’ has the meaning given to such term by section 85(c) [now 85(b)] of the Internal Revenue Code of 1986.”

EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by Pub. L. 97-34 applicable to taxable years beginning after Dec. 31, 1981, see section 103(d) of

Pub. L. 97-34, set out as a note under section 62 of this title.

EFFECTIVE DATE

Pub. L. 95-600, title I, §112(d), Nov. 6, 1978, 92 Stat. 2778, as amended by Pub. L. 98-369, div. A, title X, §1075(a), July 18, 1984, 98 Stat. 1053, provided that: "The amendments made by this section [enacting this section and section 6050B of this title] shall apply to payments of unemployment compensation made after December 31, 1978, in taxable years ending after such date, except that such amendments shall not apply to payments made for weeks of unemployment ending before December 1, 1978."

WAIVER OF STATUTE OF LIMITATIONS

Pub. L. 98-369, div. A, title X, §1075(b), July 18, 1984, 98 Stat. 1053, provided that: "If credit or refund of any overpayment of tax resulting from the amendment made by subsection (a) [amending section 112(d) of Pub. L. 95-600, set out as an Effective Date note above] is barred on the date of the enactment of this Act [July 18, 1984] or at any time during the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including res judicata), refund or credit of such overpayment (to the extent attributable to the amendment made by subsection (a)) may, nevertheless, be made or allowed if claim therefor is filed before the close of such 1-year period."

§ 86. Social security and tier 1 railroad retirement benefits

(a) In general

(1) In general

Except as provided in paragraph (2), gross income for the taxable year of any taxpayer described in subsection (b) (notwithstanding section 207 of the Social Security Act) includes social security benefits in an amount equal to the lesser of—

- (A) one-half of the social security benefits received during the taxable year, or
- (B) one-half of the excess described in subsection (b)(1).

(2) Additional amount

In the case of a taxpayer with respect to whom the amount determined under subsection (b)(1)(A) exceeds the adjusted base amount, the amount included in gross income under this section shall be equal to the lesser of—

- (A) the sum of—
 - (i) 85 percent of such excess, plus
 - (ii) the lesser of the amount determined under paragraph (1) or an amount equal to one-half of the difference between the adjusted base amount and the base amount of the taxpayer, or
- (B) 85 percent of the social security benefits received during the taxable year.

(b) Taxpayers to whom subsection (a) applies

(1) In general

A taxpayer is described in this subsection if—

- (A) the sum of—
 - (i) the modified adjusted gross income of the taxpayer for the taxable year, plus
 - (ii) one-half of the social security benefits received during the taxable year, exceeds

(B) the base amount.

(2) Modified adjusted gross income

For purposes of this subsection, the term "modified adjusted gross income" means adjusted gross income—

(A) determined without regard to this section and sections 135, 137, 199, 221, 222, 911, 931, and 933, and

(B) increased by the amount of interest received or accrued by the taxpayer during the taxable year which is exempt from tax.

(c) Base amount and adjusted base amount

For purposes of this section—

(1) Base amount

The term "base amount" means—

(A) except as otherwise provided in this paragraph, \$25,000,

(B) \$32,000 in the case of a joint return, and

(C) zero in the case of a taxpayer who—

(i) is married as of the close of the taxable year (within the meaning of section 7703) but does not file a joint return for such year, and

(ii) does not live apart from his spouse at all times during the taxable year.

(2) Adjusted base amount

The term "adjusted base amount" means—

(A) except as otherwise provided in this paragraph, \$34,000,

(B) \$44,000 in the case of a joint return, and

(C) zero in the case of a taxpayer described in paragraph (1)(C).

(d) Social security benefit

(1) In general

For purposes of this section, the term "social security benefit" means any amount received by the taxpayer by reason of entitlement to—

(A) a monthly benefit under title II of the Social Security Act, or

(B) a tier 1 railroad retirement benefit.

(2) Adjustment for repayments during year

(A) In general

For purposes of this section, the amount of social security benefits received during any taxable year shall be reduced by any repayment made by the taxpayer during the taxable year of a social security benefit previously received by the taxpayer (whether or not such benefit was received during the taxable year).

(B) Denial of deduction

If (but for this subparagraph) any portion of the repayments referred to in subparagraph (A) would have been allowable as a deduction for the taxable year under section 165, such portion shall be allowable as a deduction only to the extent it exceeds the social security benefits received by the taxpayer during the taxable year (and not repaid during such taxable year).

(3) Workmen's compensation benefits substituted for social security benefits

For purposes of this section, if, by reason of section 224 of the Social Security Act (or by