

§ 221(b)(1), July 18, 1984, 98 Stat. 772, provided that: “The amendments made by this section [amending this section] shall apply to contracts entered into before January 1, 1985.”

Amendment by section 239 of Pub. L. 97-248 applicable to decedents dying after Dec. 31, 1983, see section 241(b) of Pub. L. 97-248, set out as an Effective Date note under section 416 of this title. Such amendment is applicable, in the case of amounts received under the plan of an S corporation, with respect to decedents dying after Dec. 31, 1982, notwithstanding section 241(b) of Pub. L. 97-248, see section 6(b)(2) of Pub. L. 97-354, Oct. 19, 1982, 96 Stat. 1697, set out as a note under section 1361 of this title.

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by section 1901(a)(16) of Pub. L. 94-455 applicable with respect to 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 1906(b)(13)(A) of Pub. L. 94-455 effective Feb. 1, 1977, see section 1906(d)(1) of Pub. L. 94-455, set out as a note under section 6013 of this title.

EFFECTIVE DATE OF 1974 AMENDMENT

Amendment by section 2005(c)(15) of Pub. L. 93-406 applicable only with respect to distributions and payments made after Dec. 31, 1973, in taxable years beginning after Dec. 31, 1973, see section 2005(d) of Pub. L. 93-406, set out as a note under section 402 of this title.

Amendment by section 2007(b)(3) of Pub. L. 93-406 applicable to taxable years ending on or after Sept. 21, 1972, with respect to individuals dying on or after Sept. 21, 1972, see section 2007(c) of Pub. L. 93-406, set out as a note under section 122 of this title.

EFFECTIVE DATE OF 1969 AMENDMENT

Amendment by Pub. L. 91-172 effective Jan. 1, 1970, see section 101(k)(1) of Pub. L. 91-172, set out as an Effective Date note under section 4940 of this title.

EFFECTIVE DATE OF 1966 AMENDMENT

Amendment by Pub. L. 89-365 applicable with respect to individuals making an election under chapter 73 of Title 10 who died after Dec. 31, 1965, see section 1(d) of Pub. L. 89-365, set out as an Effective Date note under section 122 of this title.

EFFECTIVE DATE OF 1962 AMENDMENT

Amendment by Pub. L. 87-792 applicable to taxable years beginning after Dec. 31, 1962, see section 8 of Pub. L. 87-792, set out as a note under section 22 of this title.

EFFECTIVE DATE OF 1958 AMENDMENT

Amendment by Pub. L. 85-866 applicable to taxable years beginning after Dec. 31, 1957, see section 23(g) of Pub. L. 85-866, set out as a note under section 403 of this title.

PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1998

For provisions directing that if any amendments made by subtitle D [§§ 1401-1465] of title I of Pub. L. 104-188 require an amendment to any plan or annuity contract, such amendment shall not be required to be made before the first day of the first plan year beginning on or after Jan. 1, 1998, see section 1465 of Pub. L. 104-188, set out as a note under section 401 of this title.

FLEXIBLE PREMIUM CONTRACTS ISSUED DURING 1984 WHICH MEET REQUIREMENTS OF SECTION 7702 TREATED AS MEETING REQUIREMENTS OF SECTION 101(f)

Flexible premium contracts issued during 1984 which meet requirements of section 7702 of this title treated as meeting requirements of subsec. (f) of this section, see section 221(b)(3) of Pub. L. 98-369, as added by Pub. L. 99-514, set out as a note under section 7702 of this title.

SPECIAL RULES FOR CONTRACTS ENTERED INTO BEFORE JANUARY 1, 1983

Pub. L. 97-248, title II, § 266(c)(2), (3), Sept. 3, 1982, 96 Stat. 550, as amended by Pub. L. 97-448, title III, § 306(a)(13), Jan. 12, 1983, 96 Stat. 2405; Pub. L. 99-514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(2) SPECIAL RULE FOR CONTRACTS ENTERED INTO BEFORE JANUARY 1, 1983.—Any contract entered into before January 1, 1983, which meets the requirements of section 101(f) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] on the date which is 1 year after the date of the enactment of this Act [Sept. 3, 1982] shall be treated as meeting the requirements of such section for any period before the date on which such contract meets such requirements. Any death benefits paid under a flexible premium life insurance contract (within the meaning of section 101(f)(3)(A) of such Code) before the date which is 1 year after such date of enactment [Sept. 3, 1982] shall be excluded from gross income.

“(3) SPECIAL RULE FOR CERTAIN CONTRACTS.—Any contract entered into before January 1, 1983, shall be treated as meeting the requirements of subparagraph (A) of section 101(f)(1) of such Code if such contract would meet such requirements if section 101(f)(2)(C) of such Code were applied by substituting ‘3 percent’ for ‘4 percent.’”

§ 102. Gifts and inheritances

(a) General rule

Gross income does not include the value of property acquired by gift, bequest, devise, or inheritance.

(b) Income

Subsection (a) shall not exclude from gross income—

- (1) the income from any property referred to in subsection (a); or
- (2) where the gift, bequest, devise, or inheritance is of income from property, the amount of such income.

Where, under the terms of the gift, bequest, devise, or inheritance, the payment, crediting, or distribution thereof is to be made at intervals, then, to the extent that it is paid or credited or to be distributed out of income from property, it shall be treated for purposes of paragraph (2) as a gift, bequest, devise, or inheritance of income from property. Any amount included in the gross income of a beneficiary under subchapter J shall be treated for purposes of paragraph (2) as a gift, bequest, devise, or inheritance of income from property.

(c) Employee gifts

(1) In general

Subsection (a) shall not exclude from gross income any amount transferred by or for an employer to, or for the benefit of, an employee.

(2) Cross references

For provisions excluding certain employee achievement awards from gross income, see section 74(c).

For provisions excluding certain de minimis fringes from gross income, see section 132(e).

(Aug. 16, 1954, ch. 736, 68A Stat. 28; Pub. L. 99-514, title I, § 122(b), Oct. 22, 1986, 100 Stat. 2110.)

AMENDMENTS

1986—Subsec. (c). Pub. L. 99-514 added subsec. (c).

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 applicable to prizes and awards granted after Dec. 31, 1986, see section 151(c) of Pub. L. 99-514, set out as a note under section 1 of this title.

§ 103. Interest on State and local bonds**(a) Exclusion**

Except as provided in subsection (b), gross income does not include interest on any State or local bond.

(b) Exceptions

Subsection (a) shall not apply to—

(1) Private activity bond which is not a qualified bond

Any private activity bond which is not a qualified bond (within the meaning of section 141).

(2) Arbitrage bond

Any arbitrage bond (within the meaning of section 148).

(3) Bond not in registered form, etc.

Any bond unless such bond meets the applicable requirements of section 149.

(c) Definitions

For purposes of this section and part IV—

(1) State or local bond

The term “State or local bond” means an obligation of a State or political subdivision thereof.

(2) State

The term “State” includes the District of Columbia and any possession of the United States.

(Aug. 16, 1954, ch. 736, 68A Stat. 29; Pub. L. 90-364, title I, §107(a), June 28, 1968, 82 Stat. 266; Pub. L. 90-634, title IV, §401(a), Oct. 24, 1968, 82 Stat. 1349; Pub. L. 91-172, title VI, §601(a), Dec. 30, 1969, 83 Stat. 656; Pub. L. 92-178, title III, §315(a), (b), Dec. 10, 1971, 85 Stat. 529; Pub. L. 94-164, §7(a), Dec. 23, 1975, 89 Stat. 976; Pub. L. 94-182, title III, §301(a), Dec. 31, 1975, 89 Stat. 1056; Pub. L. 94-455, title XIX, §§1901(a)(17), (b)(8)(B), 1906(b)(13)(A), title XXI, §§2105(a)-(c), 2137(d), Oct. 4, 1976, 90 Stat. 1765, 1766, 1794, 1834, 1902, 1931; Pub. L. 95-339, title II, §201(a), Aug. 8, 1978, 92 Stat. 467; Pub. L. 95-600, title III, §§331(a), (b), 332(a), 333(a), 334(a), (b), title VII, §703(j)(1), (q)(1), Nov. 6, 1978, 92 Stat. 2839-2841, 2941, 2944; Pub. L. 96-222, title I, §107(a)(3)(C), Apr. 1, 1980, 94 Stat. 223; Pub. L. 96-223, title II, §§241(a), 242(a), 244(a), Apr. 2, 1980, 94 Stat. 281, 283, 286; Pub. L. 96-499, title XI, §1103, Dec. 5, 1980, 94 Stat. 2669; Pub. L. 97-34, title VIII, §§811(a), (b), 812(a), Aug. 13, 1981, 95 Stat. 349, 350; Pub. L. 97-248, title II, §§214(a)-(e), 215(a), (b), 217(a)-(d), 219(a), 221(a), (b), (c)(1), title III, §310(b)(1), (c)(1), (2), Sept. 3, 1982, 96 Stat. 466-469, 472-474, 477, 478, 596, 599; Pub. L. 97-424, title V, §547(a), Jan. 6, 1983, 96 Stat. 2199; Pub. L. 97-473, title II, §202(b)(2), Jan. 14, 1983, 96 Stat. 2609; Pub. L. 98-369, div. A, title IV, §474(r)(4), title VI, §§621-624(a), (b)(2), (3), 626(a), 627, 628(a), (c)-(e), (g), 630, July 18, 1984, 98 Stat. 839, 915-922, 924, 926, 928, 931-933; Pub. L. 99-272, title XIII,

§13209(e), Apr. 7, 1986, 100 Stat. 323; Pub. L. 99-514, title XIII, §1301(a), title XVIII, §§1864(a)(1), (b)-(e), 1865(a), 1869(a), (b), 1870, 1871(a)(1), (b), 1899A(2)-(4), Oct. 22, 1986, 100 Stat. 2602, 2885, 2886, 2888, 2890, 2891, 2958; Pub. L. 100-647, title I, §1013(a)(34)(A), (c)(12)(A), Nov. 10, 1988, 102 Stat. 3544, 3547.)

AMENDMENTS

1988—Subsec. (b)(6)(N). Pub. L. 100-647, §1013(c)(12)(A), amended subpar. (N), as in effect on the day before the date of the enactment of Pub. L. 99-514 [Oct. 22, 1986], by redesignating cls. (ii) and (iii) as (iii) and (iv), respectively, and by striking out cl. (i) and inserting in lieu thereof the following new cls.:

“(i) IN GENERAL.—Except as provided in clause (ii), this paragraph shall not apply to any obligation issued after December 31, 1986.

“(ii) CERTAIN REFUNDINGS.—This paragraph shall apply to any obligation (or series of obligations) issued to refund an obligation issued on or before December 31, 1986, if—

“(I) the average maturity date of the issue of which the refunding obligation is a part is not later than the average maturity date of the obligations to be refunded by such issue,

“(II) the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation, and

“(III) the proceeds of the refunding obligation are used to redeem the refunded obligation not later than 90 days after the date of the issuance of the refunding obligation.

For purposes of subclause (I), average maturity shall be determined in accordance with subsection (b)(14)(B)(i).”

Subsec. (c)(7). Pub. L. 100-647, §1013(a)(34)(A), amended par. (7), as in effect on the day before the date of the enactment of Pub. L. 99-514 [Oct. 22, 1986], by substituting “necessary” for “necessary”.

1986—Pub. L. 99-514, §1301(a), in amending section generally, substituted “Interest on State and local bonds” for “Interest on certain governmental obligations” in section catchline.

Subsec. (a). Pub. L. 99-514, §1301(a), substituted “Exclusion” for “General rule” in heading and amended text generally. Prior to amendment, text read as follows: “Gross income does not include interest on—

“(1) the obligations of a State, a Territory, or a possession of the United States, or any political subdivision of any of the foregoing, or of the District of Columbia; and

“(2) qualified scholarship funding bonds.”

Subsec. (b). Pub. L. 99-514, §1301(a), in amending section generally, substituted provision relating to exceptions for provision relating to industrial development bonds.

Subsec. (b)(11). Pub. L. 99-272 struck out par. (11) relating to pollution control facilities acquired by regional pollution control authorities.

Subsec. (b)(13), (14)(A). Pub. L. 99-514, §1871(b), substituted “and (6)” for “(6), and (7)”.

Subsec. (b)(16)(A). Pub. L. 99-514, §1870, substituted “clause (ii)” for “clause (i)”.

Subsec. (b)(17)(A). Pub. L. 99-514, §1871(b), substituted “and (6)” for “(6), and (7)”.

Subsec. (c). Pub. L. 99-514, §1301(a), in amending section generally, substituted provision relating to definitions for provision relating to arbitrage.

Subsecs. (d) to (g). Pub. L. 99-514, §1301(a), in amending section generally, struck out subsecs. (d) to (g) which related to certain irrigation dams, qualified scholarship funding bonds, certain federally guaranteed obligations, and qualified steam-generating or alcohol-producing facilities, respectively.

Subsec. (h). Pub. L. 99-514, §1301(a), in amending section generally, struck out subsec. (h) which provided that obligations must not be guaranteed.

Subsec. (h)(2)(A). Pub. L. 99-514, §1899A(2), substituted “guaranteed” for “guaranted”.