

sidered as a sale" effective for taxable years beginning after Dec. 31, 1976, and "or his delegate" after "Secretary" wherever appearing.

Subsec. (b). Pub. L. 94-455, §1402(b)(2), provided that "9 months" would be changed to "1 year".

Pub. L. 94-455, §1402(b)(1)(I), provided that "6 months" would be changed to "9 months" for taxable years beginning in 1977.

Subsec. (c). Pub. L. 94-455, §1402(b)(2), provided that "9 months" would be changed to "1 year".

Pub. L. 94-455, §1402(b)(1)(I), provided that "6 months" would be changed to "9 months" for taxable years beginning in 1977.

1964—Pub. L. 88-272, §227(b)(1), inserted reference to domestic iron ore in heading.

Subsec. (c). Pub. L. 88-272, §227(a)(1), inserted "or domestic iron ore" in heading, "or iron ore mined in the United States" after "coal (including lignite)", "or iron ore" after "coal" wherever appearing, and provided that the subsection shall not apply to any disposal of iron ore to a person whose relationship to the person disposing of such ore would result in the disallowance of losses under section 267 of 717(b), or to a person owned or controlled by the same interests which own or control the person disposing of such iron ore.

EFFECTIVE DATE OF 2004 AMENDMENT

Pub. L. 108-357, title III, §315(c), Oct. 22, 2004, 118 Stat. 1469, provided that: "The amendments made by this section [amending this section] shall apply to sales after December 31, 2004."

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 applicable to taxable years beginning after Dec. 31, 1986, see section 311(c) of Pub. L. 99-514, set out as a note under section 1201 of this title.

EFFECTIVE DATE OF 1984 AMENDMENT

Pub. L. 98-369, div. A, title I, §178(b), July 18, 1984, 98 Stat. 712, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that:

"(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by subsection (a) [amending this section] shall apply to dispositions after September 30, 1985.

"(2) SPECIAL RULE FOR FIXED CONTRACTS.—

"(A) IN GENERAL.—The amendment made by subsection (a) shall not apply to any disposition of an interest in coal by a person to a related person if such coal is subsequently sold before January 1, 1990, by either such person—

"(i) to a person who is not a related person with respect to either such person, and

"(ii) pursuant to a qualified fixed contract.

"(B) ALLOCATION WHERE MORE THAN 1 CONTRACT.—If, for any taxable year, there is a disposition described in subparagraph (A) which is not specifically allocable to a qualified fixed contract or to a contract which is not a qualified fixed contract, such disposition shall be treated as first allocable to the qualified fixed contract.

"(C) QUALIFIED FIXED CONTRACT DEFINED.—The term 'qualified fixed contract' means any contract for the sale of coal which—

"(i) was entered into before June 12, 1984,

"(ii) is binding at all times thereafter, and

"(iii) cannot be adjusted to reflect to any extent the increase in liabilities of the person disposing of the coal for tax under chapter 1 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] by reason of the amendment made by subsection (a).

"(D) RELATED PERSON.—For purposes of this paragraph, the term 'related person' means a person who bears a relationship to another person described in the last sentence of section 631(c)."

Amendment by section 1001(c) of Pub. L. 98-369 applicable to property acquired after June 22, 1984, and before Jan. 1, 1988, see section 1001(e) of Pub. L. 98-369, set out as a note under section 166 of this title.

EFFECTIVE DATE OF 1976 AMENDMENT

Pub. L. 94-455, title XIV, §1402(b)(1), Oct. 4, 1976, 90 Stat. 1731, provided that the amendment made by that section is effective with respect to taxable years beginning in 1977.

Pub. L. 94-455, title XIV, §1402(b)(2), Oct. 4, 1976, 90 Stat. 1732, provided that the amendment made by that section is effective with respect to taxable years beginning after Dec. 31, 1977.

Pub. L. 94-455, title XIV, §1402(b)(3), Oct. 4, 1976, 90 Stat. 1733, provided that the amendment made by that section is effective with respect to taxable years beginning after Dec. 31, 1976.

EFFECTIVE DATE OF 1964 AMENDMENT

Amendment by Pub. L. 88-272 applicable with respect to amounts received or accrued in taxable years beginning after Dec. 31, 1963, attributable to iron ore mined in such years, see section 227(c) of Pub. L. 88-272, set out as a note under section 272 of this title.

REVOCATION OF ELECTIONS UNDER SECTION 631(a)

Pub. L. 108-357, title I, §102(c), Oct. 22, 2004, 118 Stat. 1428, provided that: "Any election under section 631(a) of the Internal Revenue Code of 1986 made for a taxable year ending on or before the date of the enactment of this Act [Oct. 22, 2004] may be revoked by the taxpayer for any taxable year ending after such date. For purposes of determining whether such taxpayer may make a further election under such section, such election (and any revocation under this section) shall not be taken into account."

Pub. L. 99-514, title III, §311(d)(2), Oct. 22, 1986, 100 Stat. 2220, provided that: "Any election under section 631(a) of the Internal Revenue Code of 1954 made (whether by a corporation or a person other than a corporation) for a taxable year beginning before January 1, 1987, may be revoked by the taxpayer for any taxable year ending after December 31, 1986. For purposes of determining whether the taxpayer may make a further election under such section, such election (and any revocation under this paragraph) shall not be taken into account."

[§ 632. Repealed. Pub. L. 94-455, title XIX, § 1901(a)(90), Oct. 4, 1976, 90 Stat. 1779]

Section, acts Aug. 16, 1954, ch. 736, 68A Stat. 214; Dec. 30, 1969, Pub. L. 91-172, title VIII, §803(d)(4), 83 Stat. 684, related to tax in case of sale of oil and gas properties.

EFFECTIVE DATE OF REPEAL

Repeal effective for taxable years beginning after Dec. 31, 1976, see section 1901(d) of Pub. L. 94-455, set out as an Effective Date of 1976 Amendment note under section 2 of this title.

PART IV—MINERAL PRODUCTION PAYMENTS

Sec.

636. Income tax treatment of mineral production payments.

AMENDMENTS

1969—Pub. L. 91-172, title V, §503(a), Dec. 30, 1969, 83 Stat. 630, added part heading and section analysis.

§ 636. Income tax treatment of mineral production payments

(a) Carved-out production payments

A production payment carved out of mineral property shall be treated, for purposes of this subtitle, as if it were a mortgage loan on the property, and shall not qualify as an economic interest in the mineral property. In the case of a production payment carved out for exploration