

## AMENDMENTS

2014—Subsec. (c)(2)(B). Pub. L. 113-295, which directed amendment of subpar. (B) by striking out “244 (relating to dividends on certain preferred stock of public utilities),” was amended by striking out “244 (relating to dividends received on certain preferred stock of public utilities),” after “received by corporations,” to reflect the probable intent of Congress.

2009—Subsec. (b)(4). Pub. L. 111-92 added par. (4).

## EFFECTIVE DATE OF 2014 AMENDMENT

Amendment by Pub. L. 113-295 not applicable to preferred stock issued before Oct. 1, 1942 (determined in the same manner as under section 247 of this title as in effect before its repeal by Pub. L. 113-295), see section 221(a)(41)(K) of Pub. L. 113-295, set out as a note under section 172 of this title.

Except as otherwise provided in section 221(a) of Pub. L. 113-295, 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

Amendment by Pub. L. 111-92 applicable to losses arising in taxable years ending after Dec. 31, 2007, with transition provisions and exception for TARP recipients, see section 13(e), (f) of Pub. L. 111-92, set out as a note under section 56 of this title.

## EFFECTIVE DATE

Section applicable to taxable years beginning after Dec. 31, 1983, see section 215 of Pub. L. 98-369, set out as a note under section 801 of this title.

## SUBPART D—ACCOUNTING, ALLOCATION, AND FOREIGN PROVISIONS

Sec.	
811.	Accounting provisions.
812.	Definition of company's share and policyholders' share.
[813.	Repealed.]
814.	Contiguous country branches of domestic life insurance companies.
815.	Distributions to shareholders from pre-1984 policyholders surplus account.

## AMENDMENTS

1987—Pub. L. 100-203, title X, § 10242(c)(4), Dec. 22, 1987, 101 Stat. 1330-423, struck out item 813 “Foreign life insurance companies”.

**§ 811. Accounting provisions****(a) Method of accounting**

All computations entering into the determination of the taxes imposed by this part shall be made—

- (1) under an accrual method of accounting, or
- (2) to the extent permitted under regulations prescribed by the Secretary, under a combination of an accrual method of accounting with any other method permitted by this chapter (other than the cash receipts and disbursements method).

To the extent not inconsistent with the preceding sentence or any other provision of this part, all such computations shall be made in a manner consistent with the manner required for purposes of the annual statement approved by the National Association of Insurance Commissioners.

**(b) Amortization of premium and accrual of discount****(1) In general**

The appropriate items of income, deductions, and adjustments under this part shall be adjusted to reflect the appropriate amortization of premium and the appropriate accrual of discount attributable to the taxable year on bonds, notes, debentures, or other evidences of indebtedness held by a life insurance company. Such amortization and accrual shall be determined—

(A) in accordance with the method regularly employed by such company, if such method is reasonable, and

(B) in all other cases, in accordance with regulations prescribed by the Secretary.

**(2) Special rules****(A) Amortization of bond premium**

In the case of any bond (as defined in section 171(d)), the amount of bond premium, and the amortizable bond premium for the taxable year, shall be determined under section 171(b) as if the election set forth in section 171(c) had been made.

**(B) Convertible evidence of indebtedness**

In no case shall the amount of premium on a convertible evidence of indebtedness include any amount attributable to the conversion features of the evidence of indebtedness.

**(3) Exception**

No accrual of discount shall be required under paragraph (1) on any bond (as defined in section 171(d)), except in the case of discount which is—

(A) interest to which section 103 applies, or

(B) original issue discount (as defined in section 1273).

**(c) No double counting**

Nothing in this part shall permit—

(1) a reserve to be established for any item unless the gross amount of premiums and other consideration attributable to such item are required to be included in life insurance gross income,

(2) the same item to be counted more than once for reserve purposes, or

(3) any item to be deducted (either directly or as an increase in reserves) more than once.

**(d) Method of computing reserves on contract where interest is guaranteed beyond end of taxable year**

For purposes of this part (other than section 816), amounts in the nature of interest to be paid or credited under any contract for any period which is computed at a rate which—

(1) exceeds the greater of the prevailing State assumed interest rate or applicable Federal interest rate in effect under section 807 for the contract for such period, and

(2) is guaranteed beyond the end of the taxable year on which the reserves are being computed,

shall be taken into account in computing the reserves with respect to such contract as if such