

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.

EFFECTIVE DATE OF 1970 AMENDMENT

Amendment by Pub. L. 91-614 applicable with respect to decedents dying after Dec. 31, 1970, see section 101(j) of Pub. L. 91-614, set out as a note under section 2032 of this title.

EFFECTIVE DATE OF 1962 AMENDMENT

Amendment by Pub. L. 87-834 applicable with respect to taxable years beginning after Dec. 31, 1962, see section 14(c) of Pub. L. 87-834, set out as a note under section 312 of this title.

REPEALS

Pub. L. 95-600, §702(c)(5), cited as a credit to this section, and the amendments made thereby, were repealed by Pub. L. 96-223, title IV, § 401(a), 94 Stat. 299, resulting in the text of this section reading as it read prior to enactment of section 702(c)(5). See Effective Date of 1980 Amendment and Revival of Prior Law note set out above.

PART IV—SPECIAL RULES FOR DETERMINING CAPITAL GAINS AND LOSSES

Sec.

- 1231. Property used in the trade or business and involuntary conversions.  
[1232 to 1232B. Repealed.]
- 1233. Gains and losses from short sales.
- 1234. Options to buy or sell.
- 1234A. Gains or losses from certain terminations.
- 1234B. Gains or losses from securities futures contracts.
- 1235. Sale or exchange of patents.
- 1236. Dealers in securities.
- 1237. Real property subdivided for sale.  
[1238. Repealed.]
- 1239. Gain from sale of certain property between spouses or between an individual and a controlled corporation.<sup>1</sup>
- [1240. Repealed.]
- 1241. Cancellation of lease or distributor's agreement.
- 1242. Losses on small business investment company stock.
- 1243. Loss of small business investment company.
- 1244. Losses on small business stock.
- 1245. Gain from dispositions of certain depreciable property.  
[1246, 1247. Repealed.]
- 1248. Gain from certain sales or exchanges of stock in certain foreign corporations.
- 1249. Gain from certain sales or exchanges of patents, etc., to foreign corporations.
- 1250. Gain from dispositions of certain depreciable realty.  
[1251. Repealed.]
- 1252. Gain from the disposition of farm land.<sup>1</sup>
- 1253. Transfers of franchises, trademarks, and trade names.
- 1254. Gain from disposition of interest in oil, gas, geothermal, or other mineral properties.
- 1255. Gain from disposition of section 126 property.
- 1256. Section 1256 contracts marked to market.
- 1257. Disposition of converted wetlands or highly erodible croplands.
- 1258. Recharacterization of gain from certain financial transactions.
- 1259. Constructive sales treatment for appreciated financial positions.
- 1260. Gains from constructive ownership transactions.

<sup>1</sup> So in original. Does not conform to section catchline.

AMENDMENTS

2004—Pub. L. 108-357, title IV, § 413(c)(32), Oct. 22, 2004, 118 Stat. 1510, struck out items 1246 "Gain on foreign investment company stock" and 1247 "Election by foreign investment companies to distribute income currently".

Pub. L. 108-311, title IV, § 408(a)(18), Oct. 4, 2004, 118 Stat. 1192, substituted "Gains or losses from securities futures contracts" for "Securities futures contracts" in item 1234B.

2000—Pub. L. 106-554, §1(a)(7) [title IV, § 401(h)(2)], Dec. 21, 2000, 114 Stat. 2763, 2763A-650, which directed the amendment of the table of sections of subpart IV of subchapter P of chapter 1 by adding item 1234B, was executed by adding item 1234B to the table of sections for this part which is part IV of subchapter P of chapter 1 to reflect the probable intent of Congress.

1999—Pub. L. 106-170, title V, § 534(b), Dec. 17, 1999, 113 Stat. 1934, added item 1260.

1997—Pub. L. 105-34, title X, § 1001(c), Aug. 5, 1997, 111 Stat. 907, added item 1259.

1993—Pub. L. 103-66, title XIII, § 13206(a)(2), Aug. 10, 1993, 107 Stat. 465, added item 1258.

1990—Pub. L. 101-508, title XI, § 11801(b)(10), Nov. 5, 1990, 104 Stat. 1388-522, struck out item 1238 "Amortization in excess of depreciation".

1988—Pub. L. 100-647, title I, § 1018(u)(24), Nov. 10, 1988, 102 Stat. 3591, substituted "geothermal, or other mineral properties" for "or geothermal property" in item 1254.

1986—Pub. L. 99-514, title IV, § 403(b), Oct. 22, 1986, 100 Stat. 2222, added item 1257.

1984—Pub. L. 98-369, div. A, title I, §§ 42(b)(2), 102(e)(6), title IV, § 492(c), July 18, 1984, 98 Stat. 557, 624, 854, struck out items 1232 "Bonds and other evidence of indebtedness", 1232A "Original issue discount", 1232B "Tax treatment of stripped bonds", 1251 "Gain from disposition of property used in farming where farm losses offset nonfarm income", and substituted "Section 1256 contracts" for "Regulated futures contracts" in item 1256.

1982—Pub. L. 97-248, title II, §§ 231(d), 232(c), Sept. 3, 1982, 96 Stat. 499, 501, added items 1232A and 1232B.

1981—Pub. L. 97-34, title V, §§ 503(b), 507(b), Aug. 13, 1981, 95 Stat. 330, 333, added items 1234A and 1256.

1978—Pub. L. 95-618, title IV, § 402(c)(4), Nov. 9, 1978, 92 Stat. 3202, substituted "oil, gas, or geothermal" for "oil or gas" in item 1254.

Pub. L. 95-600, title V, § 543(c)(2), Nov. 6, 1978, 92 Stat. 2890, added item 1255.

1976—Pub. L. 94-455, title II, § 205(d), title XIX, § 1901(b)(34), Oct. 4, 1976, 90 Stat. 1535, 1802, added item 1254 and struck out item 1240 "Taxability to employee of termination payments".

1969—Pub. L. 91-172, title II, §§ 211(b)(7), 214(b), title V, § 516(c)(2)(C), Dec. 30, 1969, 83 Stat. 570, 573, 648, added items 1251 to 1253.

1964—Pub. L. 88-272, title II, § 231(b)(7), Feb. 26, 1964, 78 Stat. 105, added item 1250.

1962—Pub. L. 87-834, §§ 13(a)(2), 14(a)(2), 15(b), 16(b), Oct. 16, 1962, 76 Stat. 1033, 1040, 1044, 1045, added items 1245-1249.

1958—Pub. L. 85-866, title I, § 57(c)(3), title II, § 202(c), Sept. 2, 1958, 72 Stat. 1646, 1678, added items 1242-1244.

**§ 1231. Property used in the trade or business and involuntary conversions**

**(a) General rule**

**(1) Gains exceed losses**

If—

(A) the section 1231 gains for any taxable year, exceed

(B) the section 1231 losses for such taxable year,

such gains and losses shall be treated as long-term capital gains or long-term capital losses, as the case may be.