

1962—Pub. L. 87-834, §17(a), Oct. 16, 1962, 76 Stat. 1045, added headings of subchapter T and of parts I to III.

### PART I—TAX TREATMENT OF COOPERATIVES

Sec.	
1381.	Organizations to which part applies.
1382.	Taxable income of cooperatives.
1383.	Computation of tax where cooperative redeems nonqualified written notices of allocation or nonqualified per-unit retain certificates.

#### AMENDMENTS

1966—Pub. L. 89-809, title II, §211(a)(8), Nov. 13, 1966, 80 Stat. 1582, inserted “or nonqualified per-unit retain certificates” in item 1383.

1962—Pub. L. 87-834, §17(a), Oct. 16, 1962, 76 Stat. 1045, added heading of part I and items 1381 to 1383.

### § 1381. Organizations to which part applies

#### (a) In general

This part shall apply to—

(1) any organization exempt from tax under section 521 (relating to exemption of farmers' cooperatives from tax), and

(2) any corporation operating on a cooperative basis other than an organization—

(A) which is exempt from tax under this chapter,

(B) which is subject to the provisions of—

(i) part II of subchapter H (relating to mutual savings banks, etc.), or

(ii) subchapter L (relating to insurance companies), or

(C) which is engaged in furnishing electric energy, or providing telephone service, to persons in rural areas.

#### (b) Tax on certain farmers' cooperatives

An organization described in subsection (a)(1) shall be subject to the taxes imposed by section 11 or 1201.

#### (c) Cross reference

**For treatment of income from load loss transactions of organizations described in subsection (a)(2)(C), see section 501(c)(12)(H).**

(Added Pub. L. 87-834, §17(a), Oct. 16, 1962, 76 Stat. 1045; amended Pub. L. 108-357, title III, §319(d), Oct. 22, 2004, 118 Stat. 1472.)

#### AMENDMENTS

2004—Subsec. (c). Pub. L. 108-357 added subsec. (c).

#### EFFECTIVE DATE OF 2004 AMENDMENT

Amendment by Pub. L. 108-357 applicable to taxable years beginning after Oct. 22, 2004, see section 319(e) of Pub. L. 108-357, set out as a note under section 501 of this title.

#### EFFECTIVE DATE

Pub. L. 87-834, §17(c), Oct. 16, 1962, 76 Stat. 1051, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(1) FOR THE COOPERATIVES.—Except as provided in paragraph (3), the amendments made by subsections (a) and (b) [enacting this subchapter, amending sections 521 and 6072 of this title, and repealing section 522 of this title] shall apply to taxable years of organizations described in section 1381(a) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] (as added by subsection (a)) beginning after December 31, 1962.

“(2) FOR THE PATRONS.—Except as provided in paragraph (3), section 1385 of the Internal Revenue Code of 1986 (as added by subsection (a)) shall apply with respect to any amount received from any organization described in section 1381(a) of such Code, to the extent that such amount is paid by such organization in a taxable year of such organization beginning after December 31, 1962.

“(3) APPLICATION OF EXISTING LAW.—In the case of any money, written notice of allocation, or other property paid by any organization described in section 1381(a)—

“(A) before the first day of the first taxable year of such organization beginning after December 31, 1962, or

“(B) on or after such first day with respect to patronage occurring before such first day,

the tax treatment of such money, written notice of allocation, or other property (including the tax treatment of gain or loss on the redemption, sale, or other disposition of such written notice of allocation) by any person shall be made under the Internal Revenue Code of 1986 without regard to subchapter T of chapter 1 of such Code [this subchapter].”

### § 1382. Taxable income of cooperatives

#### (a) Gross income

Except as provided in subsection (b), the gross income of any organization to which this part applies shall be determined without any adjustment (as a reduction in gross receipts, an increase in cost of goods sold, or otherwise) by reason of any allocation or distribution to a patron out of the net earnings of such organization or by reason of any amount paid to a patron as a per-unit retain allocation (as defined in section 1388(f)).

#### (b) Patronage dividends and per-unit retain allocations

In determining the taxable income of an organization to which this part applies, there shall not be taken into account amounts paid during the payment period for the taxable year—

(1) as patronage dividends (as defined in section 1388(a)), to the extent paid in money, qualified written notices of allocation (as defined in section 1388(c)), or other property (except nonqualified written notices of allocation (as defined in section 1388(d))) with respect to patronage occurring during such taxable year;

(2) in money or other property (except written notices of allocation) in redemption of a nonqualified written notice of allocation which was paid as a patronage dividend during the payment period for the taxable year during which the patronage occurred;

(3) as per-unit retain allocations (as defined in section 1388(f)), to the extent paid in money, qualified per-unit retain certificates (as defined in section 1388(h)), or other property (except nonqualified per-unit retain certificates, as defined in section 1388(i)) with respect to marketing occurring during such taxable year; or

(4) in money or other property (except per-unit retain certificates) in redemption of a nonqualified per-unit retain certificate which was paid as a per-unit retain allocation during the payment period for the taxable year during which the marketing occurred.

For purposes of this title, any amount not taken into account under the preceding sentence shall, in the case of an amount described in paragraph