

be determined in the same manner as the partner's or shareholder's allocable share of depreciation. For purposes of this subparagraph, in the case of an S corporation, an allocable share shall be the shareholder's pro rata share of an item.

(B) Application to trusts and estates

Rules similar to the rules under section 199(d)(1)(B)(i) (as in effect on December 1, 2017) for the apportionment of W-2 wages shall apply to the apportionment of W-2 wages and the apportionment of unadjusted basis immediately after acquisition of qualified property under this section.

(C) Treatment of trades or business in Puerto Rico

(i) In general

In the case of any taxpayer with qualified business income from sources within the commonwealth of Puerto Rico, if all such income is taxable under section 1 for such taxable year, then for purposes of determining the qualified business income of such taxpayer for such taxable year, the term "United States" shall include the Commonwealth of Puerto Rico.

(ii) Special rule for applying limit

In the case of any taxpayer described in clause (i), the determination of W-2 wages of such taxpayer with respect to any qualified trade or business conducted in Puerto Rico shall be made without regard to any exclusion under section 3401(a)(8) for remuneration paid for services in Puerto Rico.

(2) Coordination with minimum tax

For purposes of determining alternative minimum taxable income under section 55, qualified business income shall be determined without regard to any adjustments under sections 56 through 59.

(3) Deduction limited to income taxes

The deduction under subsection (a) shall only be allowed for purposes of this chapter.

(4) Regulations

The Secretary shall prescribe such regulations as are necessary to carry out the purposes of this section, including regulations—

(A) for requiring or restricting the allocation of items and wages under this section and such reporting requirements as the Secretary determines appropriate, and

(B) for the application of this section in the case of tiered entities.

(g) Deduction allowed to specified agricultural or horticultural cooperatives

(1) In general

In the case of any taxable year of a specified agricultural or horticultural cooperative beginning after December 31, 2017, there shall be allowed a deduction in an amount equal to the lesser of—

(A) 20 percent of the excess (if any) of—

(i) the gross income of a specified agricultural or horticultural cooperative, over

(ii) the qualified cooperative dividends (as defined in subsection (e)(4)) paid during the taxable year for the taxable year, or

(B) the greater of—

(i) 50 percent of the W-2 wages of the cooperative with respect to its trade or business, or

(ii) the sum of 25 percent of the W-2 wages of the cooperative with respect to its trade or business, plus 2.5 percent of the unadjusted basis immediately after acquisition of all qualified property of the cooperative.

(2) Limitation

The amount determined under paragraph (1) shall not exceed the taxable income of the specified agricultural or horticultural for the taxable year.

(3) Specified agricultural or horticultural cooperative

For purposes of this subsection, the term "specified agricultural or horticultural cooperative" means an organization to which part I of subchapter T applies which is engaged in—

(A) the manufacturing, production, growth, or extraction in whole or significant part of any agricultural or horticultural product,

(B) the marketing of agricultural or horticultural products which its patrons have so manufactured, produced, grown, or extracted, or

(C) the provision of supplies, equipment, or services to farmers or to organizations described in subparagraph (A) or (B).

(h) Anti-abuse rules

The Secretary shall—

(1) apply rules similar to the rules under section 179(d)(2) in order to prevent the manipulation of the depreciable period of qualified property using transactions between related parties, and

(2) prescribe rules for determining the unadjusted basis immediately after acquisition of qualified property acquired in like-kind exchanges or involuntary conversions.

(i) Termination

This section shall not apply to taxable years beginning after December 31, 2025.

(Added Pub. L. 115-97, title I, §11011(a), Dec. 22, 2017, 131 Stat. 2063.)

REFERENCES IN TEXT

The enactment of subchapter T, referred to in subsec. (e)(4)(B)(ii), means the enactment of subchapter T (§1381 et seq.) of chapter 1 of this title, which was added by Pub. L. 87-834, §17(a), Oct. 16, 1962, 76 Stat. 1045.

Section 199(d)(1)(B)(i) (as in effect on December 1, 2017), referred to in subsec. (f)(1)(B), means section 199(d)(1)(B)(i) of this title prior to repeal of section 199 by Pub. L. 115-97, title I, §13305(a), Dec. 22, 2017, 131 Stat. 2126.

EFFECTIVE DATE

Section applicable to taxable years beginning after Dec. 31, 2017, see section 11011(e) of Pub. L. 115-97, set out as an Effective Date of 2017 Amendment note under section 62 of this title.

PART VII—ADDITIONAL ITEMIZED DEDUCTIONS FOR INDIVIDUALS

Sec. 211. Allowance of deductions.

Sec.	
212.	Expenses for production of income.
213.	Medical, dental, etc., expenses.
[214.	Repealed.]
215.	Alimony, etc., payments.
216.	Deduction of taxes, interest, and business depreciation by cooperative housing corporation tenant-stockholder.
217.	Moving expenses.
[218.	Repealed.]
219.	Retirement savings.
220.	Archer MSAs.
221.	Interest on education loans.
222.	Qualified tuition and related expenses.
223.	Health savings accounts.
224.	Cross reference.

AMENDMENT OF ANALYSIS

Pub. L. 115-97, title I, § 11051(a), (c), Dec. 22, 2017, 131 Stat. 2089, 2090, provided that, applicable to any divorce or separation instrument (as defined in former section 71(b)(2) of this title as in effect before Dec. 22, 2017) executed after Dec. 31, 2018, and to such instruments executed on or before Dec. 31, 2018, and modified after Dec. 31, 2018, if the modification expressly provides that the amendment made by section 11051 of Pub. L. 115-97 applies to such modification, this analysis is amended as probable intent by striking item 215. See 2017 Amendment note below.

AMENDMENTS

2017—Pub. L. 115-97, title I, § 11051(a), Dec. 22, 2017, 131 Stat. 2089, which directed amendment of part VII of subchapter B by striking the item relating to section 215 in the table of sections for “such subpart”, was executed by striking item 215 “Alimony, etc., payments” in this analysis, which is the analysis for part VII of subchapter B of chapter 1, to reflect the probable intent of Congress.

2003—Pub. L. 108-173, title XII, § 1201(j), Dec. 8, 2003, 117 Stat. 2479, added items 223 and 224 and struck out former item 223 “Cross reference”.

2001—Pub. L. 107-16, title IV, § 431(c)(4), June 7, 2001, 115 Stat. 68, added items 222 and 223 and struck out former item 222 “Cross reference”.

2000—Pub. L. 106-554, § 1(a)(7) [title II, § 202(b)(9)], Dec. 21, 2000, 114 Stat. 2763, 2763A-629, substituted “Archer MSAs” for “Medical savings accounts” in item 220.

1997—Pub. L. 105-34, title II, § 202(d), Aug. 5, 1997, 111 Stat. 809, added items 221 and 222 and struck out former item 221 “Cross reference”.

1996—Pub. L. 104-191, title III, § 301(i), Aug. 21, 1996, 110 Stat. 2052, added items 220 and 221 and struck out former item 220 “Cross reference”.

1990—Pub. L. 101-508, title XI, § 11802(e)(3), Nov. 5, 1990, 104 Stat. 1388-530, added item 220 and struck out former items 220 “Jury duty pay remitted to employer” and 221 “Cross references”.

1988—Pub. L. 100-647, title VI, § 6007(c), Nov. 10, 1988, 102 Stat. 3687, added item 220 and redesignated former item 220 as 221.

1986—Pub. L. 99-514, title I, §§ 131(b)(3), 135(b)(2), title III, § 301(b)(5)(B), Oct. 22, 1986, 100 Stat. 2113, 2116, 2217, added item 220, struck out items 221 “Deduction for two-earner married couples” and 222 “Adoption expenses”, substituted “reference” for “references” in item 223, and struck out item 223 “Cross reference”.

1981—Pub. L. 97-34, title I, §§ 103(c)(3), 125(b), title III, § 311(h)(11), Aug. 13, 1981, 95 Stat. 188, 201, 282, repealed item 220 “Retirement savings for certain married individuals”, added items 221 and 222 and redesignated former item 221 as 223.

1978—Pub. L. 95-600, title I, § 113(a)(2)(A), Nov. 6, 1978, 92 Stat. 2778, struck out item 218 “Contributions to candidates for public office”.

1976—Pub. L. 94-455, title V, § 504(b)(2), Oct. 4, 1976, 90 Stat. 1565, struck out item 214 “Expenses for household

and dependent care services necessary for gainful employment”.

Pub. L. 94-455, title XV, § 1501(c), Oct. 4, 1976, 90 Stat. 1737, added item 220 and redesignated former item 220 as 221.

1974—Pub. L. 93-406, title II, § 2002(h)(1), Sept. 2, 1974, 88 Stat. 970, added item 219 and redesignated former item 219 as 220.

1971—Pub. L. 92-178, title II, § 210(b), title VII, § 702(c), Dec. 10, 1971, 85 Stat. 520, 562, substituted “Expenses for household and dependent care services necessary for gainful employment” for “expenses for care of certain dependents” in item 214, added item 218, and redesignated former item 218 as 219.

1964—Pub. L. 88-272, title II, § 213(a)(2), Feb. 26, 1964, 78 Stat. 52, added item 217 and redesignated former item 217 as 218.

1962—Pub. L. 87-834, § 28(b), Oct. 16, 1962, 76 Stat. 1068, substituted “Deduction of taxes, interest, and business depreciation by cooperative housing corporation tenant-stockholder” for “Amounts representing taxes and interest paid to cooperative housing corporation” in item 216.

§ 211. Allowance of deductions

In computing taxable income under section 63, there shall be allowed as deductions the items specified in this part, subject to the exceptions provided in part IX (section 261 and following, relating to items not deductible).

(Aug. 16, 1954, ch. 736, 68A Stat. 69; Pub. L. 95-30, title I, § 102(b)(3), May 23, 1977, 91 Stat. 137.)

AMENDMENTS

1977—Pub. L. 95-30 substituted “section 63” for “section 63(a)”.

EFFECTIVE DATE OF 1977 AMENDMENT

Amendment by Pub. L. 95-30 applicable to taxable years beginning after Dec. 31, 1976, see section 106(a) of Pub. L. 95-30, set out as a note under section 1 of this title.

§ 212. Expenses for production of income

In the case of an individual, there shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year—

- (1) for the production or collection of income;
- (2) for the management, conservation, or maintenance of property held for the production of income; or
- (3) in connection with the determination, collection, or refund of any tax.

(Aug. 16, 1954, ch. 736, 68A Stat. 69.)

DENIAL OF DEDUCTION FOR AMOUNTS PAID OR INCURRED ON JUDGMENTS IN SUITS BROUGHT TO RECOVER PRICE INCREASES IN PURCHASE OF NEW PRINCIPAL RESIDENCE

No deductions to be allowed in computing taxable income for two-thirds of any amount paid or incurred on a judgment entered against any person in a suit brought under section 208(b) of Pub. L. 94-12, see section 208(c) of Pub. L. 94-12, set out as a note under section 44 of this title.

§ 213. Medical, dental, etc., expenses

(a) Allowance of deduction

There shall be allowed as a deduction the expenses paid during the taxable year, not compensated for by insurance or otherwise, for med-