

“(c) EFFECTIVE DATE.—This section shall apply to taxable years ending on or after February 1, 1978.”

YEAR OF INCLUSION FOR DISASTER OR DEFICIENCY  
PAYMENTS RECEIVED IN 1978; ELECTION

Pub. L. 95-258, §1, Apr. 7, 1978, 92 Stat. 195, provided that:

“(a) IN GENERAL.—In the case of a taxpayer reporting on the cash receipts and disbursements method of accounting, if—

“(1)(A) the taxpayer receives in his first taxable year beginning in 1978 payments under the Agricultural Act of 1949, as amended, [see Short Title note set out under section 1421 of Title 7, Agriculture], as a result of—

“(i) the destruction or damage to crops caused by drought, flood, or any other natural disaster, or

“(ii) the inability to plant crops because of such a natural disaster, and

“(B) the taxpayer establishes that, under his practice, income from such crops could have been reported for his last taxable year beginning in 1977, or

“(2)(A) the taxpayer receives in his first taxable year beginning in 1978 deficiency (or ‘target price’) payments under the Agricultural Act of 1949, as amended, for any 1977 crop, and

“(B) the fifth month of such crop’s marketing year ends before December 1, 1977,

then the taxpayer may elect to include such proceeds in income for his last taxable year beginning in 1977.

“(b) MAKING AND EFFECT OF ELECTION.—An election under this section for any taxable year shall be made at such time and in such manner as the Secretary of the Treasury may by regulations prescribe and shall apply with respect to all proceeds described in subsection (a) which were received by the taxpayer.”

**[§ 452. Repealed. June 15, 1955, ch. 143, §1(a), 69 Stat. 134]**

Section, act Aug. 16, 1954, ch. 736, 68A Stat. 152, related to prepaid income.

EFFECTIVE DATE OF REPEAL

Repeal effective with respect to taxable years beginning after Dec. 31, 1953, and ending after Aug. 16, 1954, see section 3 of act June 15, 1955, set out as an Effective Date of 1955 Amendment note under section 381 of this title.

SAVINGS PROVISION

For provisions concerning increase in tax in any taxable year ending on or before June 15, 1955 by reason of enactment of act June 15, 1955, see section 4 of act June 15, 1955, set out as a note under section 381 of this title.

**§ 453. Installment method**

**(a) General rule**

Except as otherwise provided in this section, income from an installment sale shall be taken into account for purposes of this title under the installment method.

**(b) Installment sale defined**

For purposes of this section—

**(1) In general**

The term “installment sale” means a disposition of property where at least 1 payment is to be received after the close of the taxable year in which the disposition occurs.

**(2) Exceptions**

The term “installment sale” does not include—

**(A) Dealer dispositions**

Any dealer disposition (as defined in subsection (l)).

**(B) Inventories of personal property**

A disposition of personal property of a kind which is required to be included in the inventory of the taxpayer if on hand at the close of the taxable year.

**(c) Installment method defined**

For purposes of this section, the term “installment method” means a method under which the income recognized for any taxable year from a disposition is that proportion of the payments received in that year which the gross profit (realized or to be realized when payment is completed) bears to the total contract price.

**(d) Election out**

**(1) In general**

Subsection (a) shall not apply to any disposition if the taxpayer elects to have subsection (a) not apply to such disposition.

**(2) Time and manner for making election**

Except as otherwise provided by regulations, an election under paragraph (1) with respect to a disposition may be made only on or before the due date prescribed by law (including extensions) for filing the taxpayer’s return of the tax imposed by this chapter for the taxable year in which the disposition occurs. Such an election shall be made in the manner prescribed by regulations.

**(3) Election revocable only with consent**

An election under paragraph (1) with respect to any disposition may be revoked only with the consent of the Secretary.

**(e) Second dispositions by related persons**

**(1) In general**

If—

(A) any person disposes of property to a related person (hereinafter in this subsection referred to as the “first disposition”), and

(B) before the person making the first disposition receives all payments with respect to such disposition, the related person disposes of the property (hereinafter in this subsection referred to as the “second disposition”),

then, for purposes of this section, the amount realized with respect to such second disposition shall be treated as received at the time of the second disposition by the person making the first disposition.

**(2) 2-year cutoff for property other than marketable securities**

**(A) In general**

Except in the case of marketable securities, paragraph (1) shall apply only if the date of the second disposition is not more than 2 years after the date of the first disposition.

**(B) Substantial diminishing of risk of ownership**

The running of the 2-year period set forth in subparagraph (A) shall be suspended with respect to any property for any period during which the related person’s risk of loss with respect to the property is substantially diminished by—