

is for the construction in the United States of 1 ship or submarine for the Federal Government if the taxpayer reasonably expects the acceptance date will occur no later than 9 years after the construction commencement date.

“(2) ACCEPTANCE DATE.—The term ‘acceptance date’ means the date 1 year after the date on which the Federal Government issues a letter of acceptance or other similar document for the ship or submarine.

“(3) CONSTRUCTION COMMENCEMENT DATE.—The term ‘construction commencement date’ means the date on which the physical fabrication of any section or component of the ship or submarine begins in the taxpayer’s shipyard.

“(d) CERTAIN ADJUSTMENTS NOT TO APPLY.—Section 481 of the Internal Revenue Code of 1986 shall not apply with respect to any change in the method of accounting which is required by this section.

“(e) EFFECTIVE DATE.—This section shall apply to contracts for ships or submarines with respect to which the construction commencement date occurs after the date of the enactment of this Act [Oct. 22, 2004].”

AMORTIZATION OF PAST SERVICE PENSION COSTS

Allocable costs (within the meaning of subsec. (c) of this section) with respect to any property to include contributions paid to or under a pension or annuity plan whether or not such contributions represent past service costs, see section 10204 of Pub. L. 100-203, set out as a note under section 263A of this title.

SUBPART C—TAXABLE YEAR FOR WHICH DEDUCTIONS TAKEN

Sec.

- 461. General rule for taxable year of deduction.
- [462, 463. Repealed.]
- 464. Limitations on deductions for certain farming expenses.¹
- 465. Deductions limited to amount at risk.
- [466. Repealed.]
- 467. Certain payments for the use of property or services.
- 468. Special rules for mining and solid waste reclamation and closing costs.
- 468A. Special rules for nuclear decommissioning costs.
- 468B. Special rules for designated settlement funds.
- 469. Passive activity losses and credits limited.
- 470. Limitation on deductions allocable to property used by governments or other tax-exempt entities.

AMENDMENTS

2004—Pub. L. 108-357, title VIII, § 848(b), Oct. 22, 2004, 118 Stat. 1606, added item 470.

1987—Pub. L. 100-203, title X, § 10201(b)(7), Dec. 22, 1987, 101 Stat. 1330-387, struck out item 463 “Accrual of vacation pay”.

1986—Pub. L. 99-514, title IV, § 404(b)(2), title V, § 501(b), title VIII, § 823(b)(2), title XVIII, §§ 1807(a)(7)(B), 1899A(71), Oct. 22, 1986, 100 Stat. 2224, 2241, 2374, 2815, 2963, substituted “for certain farming expenses” for “in case of farming syndicates” in item 464, struck out item 466 “Qualified discount coupons redeemed after close of taxable year”, inserted “the” before “use” in item 467, and added items 468B and 469.

1984—Pub. L. 98-369, div. A, title I, §§ 91(b)(2), (c)(2), 92(b), July 18, 1984, 98 Stat. 604, 606, 612, added items 467, 468, and 468A.

1978—Pub. L. 95-600, title II, § 201(c)(2), title III, § 373(b), Nov. 6, 1978, 92 Stat. 2816, 2865, struck out “in case of certain activities” after “amount at risk” in item 465 and added item 466.

1976—Pub. L. 94-455, title II, §§ 204(b), 207(a)(2), Oct. 4, 1976, 90 Stat. 1532, 1537, added items 464 and 465.

1975—Pub. L. 93-625, § 4(b), Jan. 3, 1975, 88 Stat. 2111, added item 463.

¹ So in original. Does not conform to section catchline.

1955—Act June 15, 1955, ch. 143, § 2(3), 69 Stat. 135, struck out item 462 “Reserves for estimated expenses, etc.”

§ 461. General rule for taxable year of deduction

(a) General rule

The amount of any deduction or credit allowed by this subtitle shall be taken for the taxable year which is the proper taxable year under the method of accounting used in computing taxable income.

(b) Special rule in case of death

In the case of the death of a taxpayer whose taxable income is computed under an accrual method of accounting, any amount accrued as a deduction or credit only by reason of the death of the taxpayer shall not be allowed in computing taxable income for the period in which falls the date of the taxpayer’s death.

(c) Accrual of real property taxes

(1) In general

If the taxable income is computed under an accrual method of accounting, then, at the election of the taxpayer, any real property tax which is related to a definite period of time shall be accrued ratably over that period.

(2) When election may be made

(A) Without consent

A taxpayer may, without the consent of the Secretary, make an election under this subsection for his first taxable year in which he incurs real property taxes. Such an election shall be made not later than the time prescribed by law for filing the return for such year (including extensions thereof).

(B) With consent

A taxpayer may, with the consent of the Secretary, make an election under this subsection at any time.

(d) Limitation on acceleration of accrual of taxes

(1) General rule

In the case of a taxpayer whose taxable income is computed under an accrual method of accounting, to the extent that the time for accruing taxes is earlier than it would be but for any action of any taxing jurisdiction taken after December 31, 1960, then, under regulations prescribed by the Secretary, such taxes shall be treated as accruing at the time they would have accrued but for such action by such taxing jurisdiction.

(2) Limitation

Under regulations prescribed by the Secretary, paragraph (1) shall be inapplicable to any item of tax to the extent that its application would (but for this paragraph) prevent all persons (including successors in interest) from ever taking such item into account.

(e) Dividends or interest paid on certain deposits or withdrawable accounts

Except as provided in regulations prescribed by the Secretary, amounts paid to, or credited to the accounts of, depositors or holders of accounts as dividends or interest on their deposits or withdrawable accounts (if such amounts paid