

(5) No inference as to prior taxable years

The application of this part to any taxable year before the first taxable year specified in paragraph (1) shall be made without regard to the fact that distributions in redemption coming within the terms of such paragraphs were subsequently made.

(Aug. 16, 1954, ch. 736, 68A Stat. 182; Pub. L. 91-172, title IX, § 906(a), Dec. 30, 1969, 83 Stat. 714; Pub. L. 94-455, title XIX, § 1901(a)(75), Oct. 4, 1976, 90 Stat. 1777; Pub. L. 95-600, title III, § 371(c), Nov. 6, 1978, 92 Stat. 2859; Pub. L. 104-188, title I, § 1704(t)(33), Aug. 20, 1996, 110 Stat. 1889; Pub. L. 115-97, title I, § 13302(c)(2)(B), Dec. 22, 2017, 131 Stat. 2123.)

REFERENCES IN TEXT

Section 172(f), referred to in subsec. (b)(4), was repealed by Pub. L. 115-97, title I, § 13302(c)(2)(A), Dec. 22, 2017, 131 Stat. 2122.

The date of the enactment of the Tax Cuts and Jobs Act, referred to in subsec. (b)(4), probably means the date of enactment of title I of Pub. L. 115-97, which was approved Dec. 22, 2017. Prior versions of the bill that was enacted into law as Pub. L. 115-97 included such Short Title, but it was not enacted as part of title I of Pub. L. 115-97.

AMENDMENTS

2017—Subsec. (b)(4). Pub. L. 115-97 inserted “(as in effect before the date of enactment of the Tax Cuts and Jobs Act)” after “as defined in section 172(f)”.

1996—Subsec. (b)(4). Pub. L. 104-188 substituted “section 172(f)” for “section 172(i)”.

1978—Subsec. (b)(4), (5). Pub. L. 95-600 added par. (4) and redesignated former par. (4) as (5).

1976—Subsec. (b)(2). Pub. L. 94-455, § 1901(a)(75)(A), struck out “with respect to taxable years of the corporation ending after May 26, 1969” after “redemption needs” means”.

Subsec. (b)(4). Pub. L. 94-455, § 1901(a)(75)(B), struck out “or (2)” after “paragraph (1)”.

1969—Pub. L. 91-172 designated existing provisions as subsec. (a)(1) and added subssecs. (a)(2), (3) and (b).

EFFECTIVE DATE OF 2017 AMENDMENT

Amendment by Pub. L. 115-97 applicable to net operating losses arising in taxable years ending after Dec. 31, 2017, see section 13302(e) of Pub. L. 115-97, set out as a note under section 172 of this title.

EFFECTIVE DATE OF 1978 AMENDMENT

Amendment by Pub. L. 95-600 applicable with respect to taxable years beginning after Sept. 30, 1979, see section 371(d) of Pub. L. 95-600, set out as a note under section 172 of this title.

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by Pub. L. 94-455 applicable with respect to taxable years beginning after Dec. 31, 1976, see section 1901(d) of Pub. L. 94-455, set out as a note under section 2 of this title.

EFFECTIVE DATE OF 1969 AMENDMENT

Pub. L. 91-172, title IX, § 906(b), Dec. 30, 1969, 83 Stat. 715, as amended by Pub. L. 99-514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that: “The amendment made by subsection (a) [amending this section] shall apply to the tax imposed under section 531 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] with respect to taxable years ending after May 26, 1969.”

PART II—PERSONAL HOLDING COMPANIES

Sec.
541. Imposition of personal holding company tax.

Sec.
542. Definition of personal holding company.
543. Personal holding company income.
544. Rules for determining stock ownership.
545. Undistributed personal holding company income.
546. Income not placed on annual basis.
547. Deduction for deficiency dividends.

§ 541. Imposition of personal holding company tax

In addition to other taxes imposed by this chapter, there is hereby imposed for each taxable year on the undistributed personal holding company income (as defined in section 545) of every personal holding company (as defined in section 542) a personal holding company tax equal to 20 percent of the undistributed personal holding company income.

(Aug. 16, 1954, ch. 736, 68A Stat. 182; Pub. L. 88-272, title II, § 225(a), Feb. 26, 1964, 78 Stat. 79; Pub. L. 97-34, title I, § 101(d)(2), Aug. 13, 1981, 95 Stat. 184; Pub. L. 99-514, title I, § 104(b)(8), Oct. 22, 1986, 100 Stat. 2105; Pub. L. 101-508, title XI, § 11802(f)(1), Nov. 5, 1990, 104 Stat. 1388-530; Pub. L. 103-66, title XIII, §§ 13201(b)(2), 13202(b), Aug. 10, 1993, 107 Stat. 459, 461; Pub. L. 107-16, title I, § 101(c)(5), June 7, 2001, 115 Stat. 43; Pub. L. 108-27, title III, § 302(e)(6), May 28, 2003, 117 Stat. 764; Pub. L. 112-240, title I, § 102(c)(1)(B), Jan. 2, 2013, 126 Stat. 2319.)

AMENDMENTS

2013—Pub. L. 112-240 substituted “20 percent” for “15 percent”.

2003—Pub. L. 108-27 substituted “equal to 15 percent of the undistributed personal holding company income.” for “equal to the product of the highest rate of tax under section 1(c) and the undistributed personal holding company income.”

2001—Pub. L. 107-16 substituted “equal to the product of the highest rate of tax under section 1(c) and the undistributed personal holding company income.” for “equal to 39.6 percent of the undistributed personal holding company income.”

1993—Pub. L. 103-66, § 13202(b), substituted “39.6 percent” for “36 percent”.

Pub. L. 103-66, § 13201(b)(2), substituted “36 percent” for “28 percent”.

1990—Pub. L. 101-508 struck out “(38.5 percent in the case of taxable years beginning in 1987)” after “28 percent”.

1986—Pub. L. 99-514 substituted “28 percent (38.5 percent in the case of taxable years beginning in 1987)” for “50 percent”.

1981—Pub. L. 97-34 substituted “50 percent” for “70 percent”.

1964—Pub. L. 88-272 reduced the tax from 75 percent of undistributed income not in excess of \$2,000, and 85 percent when in excess of \$2,000, to 70 percent.

EFFECTIVE DATE OF 2013 AMENDMENT

Amendment by Pub. L. 112-240 applicable to taxable years beginning after Dec. 31, 2012, see section 102(d)(1) of Pub. L. 112-240, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 2003 AMENDMENT

Amendment by Pub. L. 108-27 applicable, except as otherwise provided, to taxable years beginning after Dec. 31, 2002, see section 302(f) of Pub. L. 108-27, set out as an Effective and Termination Dates of 2003 Amendment note under section 1 of this title.

EFFECTIVE DATE OF 2001 AMENDMENT

Amendment by Pub. L. 107-16 applicable to taxable years beginning after Dec. 31, 2000, see section 101(d) of