

I.	In general .....	1551
II.	Certain controlled corporations .....	1561

## PART I—IN GENERAL

Sec.	
[1551.	Repealed.]
1552.	Earnings and profits.

## AMENDMENTS

2017—Pub. L. 115-97, title I, §13001(b)(5)(A), Dec. 22, 2017, 131 Stat. 2098, which directed amendment of the table of sections for part I of subchapter B of chapter 5 by striking out item 1551 “Disallowance of the benefits of the graduated corporate rates and accumulated earnings credit”, was executed to the table of sections for part I of subchapter B of this chapter to reflect the probable intent of Congress.

1978—Pub. L. 95-600, title III, §301(b)(18)(C), Nov. 6, 1978, 92 Stat. 2823, in item 1551 substituted “the benefits of the graduated corporate rates” for “surtax exemption”.

1964—Pub. L. 88-272, title II, §235(c)(4), Feb. 26, 1964, 78 Stat. 127, inserted table of parts, and heading for part I.

**[§ 1551. Repealed. Pub. L. 115-97, title I, § 13001(b)(5)(A), Dec. 22, 2017, 131 Stat. 2098]**

Section, act Aug. 16, 1954, ch. 736, 68A Stat. 371; Pub. L. 85-866, title II, §205(a), Sept. 2, 1958, 72 Stat. 1680; Pub. L. 88-272, title II, §235(b), Feb. 26, 1964, 78 Stat. 125; Pub. L. 94-12, title III, §304(b), Mar. 29, 1975, 89 Stat. 45; Pub. L. 94-455, title XIX, §§1901(a)(158), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1790, 1834; Pub. L. 95-600, title III, §301(b)(18)(A), (B), Nov. 6, 1978, 92 Stat. 2823; Pub. L. 97-34, title II, §232(b)(2), Aug. 13, 1981, 95 Stat. 250; Pub. L. 99-514, title XVIII, §1899A(36), Oct. 22, 1986, 100 Stat. 2960; Pub. L. 113-295, div. A, title II, §221(a)(94), Dec. 19, 2014, 128 Stat. 4051, related to disallowance of the benefits of the graduated corporate rates and accumulated earnings credit. Repeal was executed to this section, which is in part I of subchapter B of chapter 6, to reflect the probable intent of Congress, notwithstanding directory language of Pub. L. 115-97, which repealed section 1551 in part I of subchapter B of chapter 5.

## EFFECTIVE DATE OF REPEAL

Repeal applicable to taxable years beginning after Dec. 31, 2017, see section 13001(c)(1) of Pub. L. 115-97, set out as an Effective Date of 2017 Amendment note under section 11 of this title.

**§ 1552. Earnings and profits**

**(a) General rule**

Pursuant to regulations prescribed by the Secretary the earnings and profits of each member of an affiliated group required to be included in a consolidated return for such group filed for a taxable year shall be determined by allocating the tax liability of the group for such year among the members of the group in accord with whichever of the following methods the group shall elect in its first consolidated return filed for such a taxable year:

(1) The tax liability shall be apportioned among the members of the group in accordance with the ratio which that portion of the consolidated taxable income attributable to each member of the group having taxable income bears to the consolidated taxable income.

(2) The tax liability of the group shall be allocated to the several members of the group on the basis of the percentage of the total tax which the tax of such member if computed on

a separate return would bear to the total amount of the taxes for all members of the group so computed.

(3) The tax liability of the group (excluding the tax increases arising from the consolidation) shall be allocated on the basis of the contribution of each member of the group to the consolidated taxable income of the group. Any tax increases arising from the consolidation shall be distributed to the several members in direct proportion to the reduction in tax liability resulting to such members from the filing of the consolidated return as measured by the difference between their tax liabilities determined on a separate return basis and their tax liabilities based on their contributions to the consolidated taxable income.

(4) The tax liability of the group shall be allocated in accord with any other method selected by the group with the approval of the Secretary.

**(b) Failure to elect**

If no election is made in such first return, the tax liability shall be allocated among the several members of the group pursuant to the method prescribed in subsection (a)(1).

(Aug. 16, 1954, ch. 736, 68A Stat. 371; Pub. L. 88-272, title II, §234(b)(8), Feb. 26, 1964, 78 Stat. 116; Pub. L. 94-455, title XIX, §§1901(a)(159), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1790, 1834.)

## AMENDMENTS

1976—Subsec. (a). Pub. L. 94-455, §§1901(a)(159), 1906(b)(13)(A), struck out “beginning after December 31, 1953, and ending after the date of enactment of this title” after “group filed for a taxable year”, and “or his delegate” after “Secretary” in two places.

1964—Subsec. (a)(3). Pub. L. 88-272 struck out “(determined without regard to the 2 percent increase provided by section 1503(a))”, before “based on their contributions”.

## EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by section 1901(a)(159) of 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 1964 AMENDMENT

Amendment by Pub. L. 88-272 applicable to taxable years beginning after Dec. 31, 1963, see section 234(c) of Pub. L. 88-272, set out as a note under section 1503 of this title.

## PART II—CERTAIN CONTROLLED CORPORATIONS

Sec.	
1561.	Limitation on accumulated earnings credit in the case of certain controlled corporations.
[1562.	Repealed.]
1563.	Definitions and special rules.
[1564.	Repealed.]

## AMENDMENTS

2017—Pub. L. 115-97, title I, §13001(b)(6)(B), Dec. 22, 2017, 131 Stat. 2098, which directed amendment of the table of sections for part II of subchapter B of chapter 5 by substituting “Limitation on accumulated earnings credit in the case of certain controlled corporations” for “Limitations on certain multiple tax benefits in the case of certain controlled corporations” in item 1561, was executed to the table of sections for part II of subchapter B of this chapter to reflect the probable intent of Congress.