

Pub. L. 97-354, set out as an Effective Date note under section 1361 of this title.

#### EFFECTIVE DATE

Pub. L. 96-451, title III, § 301(d), Oct. 14, 1980, 94 Stat. 1991, provided that: "The amendments made by this section [enacting this section and amending sections 62 and 1245 of this title] shall apply with respect to additions to capital account made after December 31, 1979."

### § 194A. Contributions to employer liability trusts

#### (a) Allowance of deduction

There shall be allowed as a deduction for the taxable year an amount equal to the amount—

(1) which is contributed by an employer to a trust described in section 501(c)(22) (relating to withdrawal liability payment fund) which meets the requirements of section 4223(h) of the Employee Retirement Income Security Act of 1974, and

(2) which is properly allocable to such taxable year.

#### (b) Allocation to taxable year

In the case of a contribution described in subsection (a) which relates to any specified period of time which includes more than one taxable year, the amount properly allocable to any taxable year in such period shall be determined by prorating such amounts to such taxable years under regulations prescribed by the Secretary.

#### (c) Disallowance of deduction

No deduction shall be allowed under subsection (a) with respect to any contribution described in subsection (a) which does not relate to any specified period of time.

(Added Pub. L. 96-364, title II, § 209(c)(1), Sept. 26, 1980, 94 Stat. 1290, § 194; renumbered § 194A, Pub. L. 97-448, title III, § 305(b)(1), Jan. 12, 1983, 96 Stat. 2399.)

#### REFERENCES IN TEXT

Section 4223(h) of the Employee Retirement Income Security Act of 1974, referred to in subsec. (a), is classified to section 1403(h) of Title 29, Labor.

#### EFFECTIVE DATE OF 1983 AMENDMENT

Pub. L. 97-448, title III, § 311(c)(2), Jan. 12, 1983, 96 Stat. 2411, provided that: "The amendments made by subsection (b) of section 305 [redesignating section 194 of this title, relating to contributions to employer liability trusts, as this section] shall take effect on October 14, 1980."

#### EFFECTIVE DATE

Pub. L. 96-364, title II, § 210, Sept. 26, 1980, 94 Stat. 1291, provided that:

"(a) Except as otherwise provided in this section, the amendments made by this title [amending sections 401, 404, 411 to 414, 4971, and 4975 of this title] shall take effect on the date of the enactment of this Act [Sept. 26, 1980].

"(b) Subpart C of part I of subchapter D of chapter 1 of such Code (as added by this Act) [sections 418 to 418E of this title] shall take effect, with respect to each plan, on the first day of the first plan year beginning on or after the earlier of—

"(1) the date on which the last collective-bargaining agreement providing for employer contributions under the plan, which was in effect on the date of the enactment of this Act [Sept. 26, 1980], expires, without regard to extensions agreed to after such date of enactment, or

"(2) 3 years after the date of the enactment of this Act [Sept. 26, 1980].

"(c) The amendments made by section 209 [enacting this section and amending sections 501 and 4975 of this title] shall apply to taxable years ending after the date of the enactment of this Act [Sept. 26, 1980]."

### § 195. Start-up expenditures

#### (a) Capitalization of expenditures

Except as otherwise provided in this section, no deduction shall be allowed for start-up expenditures.

#### (b) Election to deduct

##### (1) Allowance of deduction

If a taxpayer elects the application of this subsection with respect to any start-up expenditures—

(A) the taxpayer shall be allowed a deduction for the taxable year in which the active trade or business begins in an amount equal to the lesser of—

(i) the amount of start-up expenditures with respect to the active trade or business, or

(ii) \$5,000, reduced (but not below zero) by the amount by which such start-up expenditures exceed \$50,000, and

(B) the remainder of such start-up expenditures shall be allowed as a deduction ratably over the 180-month period beginning with the month in which the active trade or business begins.

##### (2) Dispositions before close of amortization period

In any case in which a trade or business is completely disposed of by the taxpayer before the end of the period to which paragraph (1) applies, any deferred expenses attributable to such trade or business which were not allowed as a deduction by reason of this section may be deducted to the extent allowable under section 165.

##### (3) Special rule for taxable years beginning in 2010

In the case of a taxable year beginning in 2010, paragraph (1)(A)(ii) shall be applied—

(A) by substituting "\$10,000" for "\$5,000", and

(B) by substituting "\$60,000" for "\$50,000".

#### (c) Definitions

For purposes of this section—

##### (1) Start-up expenditures

The term "start-up expenditure" means any amount—

(A) paid or incurred in connection with—

(i) investigating the creation or acquisition of an active trade or business, or

(ii) creating an active trade or business, or

(iii) any activity engaged in for profit and for the production of income before the day on which the active trade or business begins, in anticipation of such activity becoming an active trade or business, and

(B) which, if paid or incurred in connection with the operation of an existing active