

**§ 594. Alternative tax for mutual savings banks conducting life insurance business**

**(a) Alternative tax**

In the case of a mutual savings bank not having capital stock represented by shares, authorized under State law to engage in the business of issuing life insurance contracts, and which conducts a life insurance business in a separate department the accounts of which are maintained separately from the other accounts of the mutual savings bank, there shall be imposed in lieu of the tax imposed by section 11, a tax consisting of the sum of the partial taxes determined under paragraphs (1) and (2):

(1) A partial tax computed on the taxable income determined without regard to any items of gross income or deductions properly allocable to the business of the life insurance department, at the rates and in the manner as if this section had not been enacted; and

(2) a partial tax computed on the income of the life insurance department determined without regard to any items of gross income or deductions not properly allocable to such department, at the rates and in the manner provided in subchapter L (sec. 801 and following) with respect to life insurance companies.

**(b) Limitations of section**

Subsection (a) shall apply only if the life insurance department would, if it were treated as a separate corporation, qualify as a life insurance company under section 816.

(Aug. 16, 1954, ch. 736, 68A Stat. 205; Mar. 13, 1956, ch. 83, §5(3), 70 Stat. 49; Pub. L. 98-369, div. A, title II, §211(b)(8), July 18, 1984, 98 Stat. 755; Pub. L. 115-97, title I, §13001(b)(2)(E), Dec. 22, 2017, 131 Stat. 2096.)

**AMENDMENTS**

2017—Subsec. (a). Pub. L. 115-97 substituted “tax imposed by section 11” for “taxes imposed by section 11 or section 1201(a)” in introductory provisions.

1984—Subsec. (b). Pub. L. 98-369 substituted “section 816” for “section 801”.

1956—Subsec. (a)(2). Act Mar. 13, 1956, substituted “the income” for “the taxable income (as defined in section 803)”.

**EFFECTIVE DATE OF 2017 AMENDMENT**

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

**EFFECTIVE DATE OF 1984 AMENDMENT**

Amendment by Pub. L. 98-369 applicable to taxable years beginning after Dec. 31, 1983, see section 215 of Pub. L. 98-369, set out as an Effective Date note under section 801 of this title.

**EFFECTIVE DATE OF 1956 AMENDMENT**

Amendment by act Mar. 13, 1956, applicable only to taxable years beginning after Dec. 31, 1954, see section 6 of act Mar. 13, 1956, set out as a note under section 821 of this title.

**[§§ 595, 596. Repealed. Pub. L. 104-188, title I, § 1616(b)(8), (9), Aug. 20, 1996, 110 Stat. 1857]**

Section 595, added Pub. L. 87-834, §6(b), Oct. 16, 1962, 76 Stat. 982; amended Pub. L. 94-455, title XIX, §1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834, related to fore-

closure on property securing loans, including provisions relating to nonrecognition of gain or loss as result of foreclosure, character of property, basis, and regulatory authority.

Section 596, added Pub. L. 91-172, title IV, §434(a), Dec. 30, 1969, 83 Stat. 624; amended Pub. L. 99-514, title IX, §901(d)(4)(D), Oct. 22, 1986, 100 Stat. 2380, provided that in case of organization to which section 593 of this title applied and which computed additions to reserve for losses on loans for taxable year under section 593(b)(2) of this title, total amount allowed under sections 243, 244, and 245 of this title for taxable year as deduction with respect to dividends received was to be reduced by amount equal to 8 percent of such total amount.

**EFFECTIVE DATE OF REPEAL**

Repeal of section 595 applicable to property acquired in taxable years beginning after Dec. 31, 1995, and repeal of section 596 applicable to taxable years beginning after Dec. 31, 1995, see section 1616(c)(1), (3) of Pub. L. 104-188, set out as an Effective Date of 1996 Amendment note under section 593 of this title.

**§ 597. Treatment of transactions in which Federal financial assistance provided**

**(a) General rule**

The treatment for purposes of this chapter of any transaction in which Federal financial assistance is provided with respect to a bank or domestic building and loan association shall be determined under regulations prescribed by the Secretary.

**(b) Principles used in prescribing regulations**

**(1) Treatment of taxable asset acquisitions**

In the case of any acquisition of assets to which section 381(a) does not apply, the regulations prescribed under subsection (a) shall—

(A) provide that Federal financial assistance shall be properly taken into account by the institution from which the assets were acquired, and

(B) provide the proper method of allocating basis among the assets so acquired (including rights to receive Federal financial assistance).

**(2) Other transactions**

In the case of any transaction not described in paragraph (1), the regulations prescribed under subsection (a) shall provide for the proper treatment of Federal financial assistance and appropriate adjustments to basis or other tax attributes in connection with such assistance.

**(3) Denial of double benefit**

No regulations prescribed under this section shall permit the utilization of any deduction (or other tax benefit) if such amount was in effect reimbursed by nontaxable Federal financial assistance.

**(c) Federal financial assistance**

For purposes of this section, the term “Federal financial assistance” means—

(1) any money or other property provided with respect to a domestic building and loan association by the Federal Savings and Loan Insurance Corporation or the Resolution Trust Corporation pursuant to section 406(f) of the National Housing Act (or under any other similar provision of law), and

(2) any money or other property provided with respect to a bank or domestic building and loan association by the Federal Deposit Insurance Corporation pursuant to section 11(f) or 13(c) of the Federal Deposit Insurance Act (or under any other similar provision of law),

regardless of whether any note or other instrument is issued in exchange therefor.

**(d) Domestic building and loan association**

For purposes of this section, the term “domestic building and loan association” has the meaning given such term by section 7701(a)(19) without regard to subparagraph (C) thereof.

(Added Pub. L. 97-34, title II, §244(a), Aug. 13, 1981, 95 Stat. 255; amended Pub. L. 99-514, title IX, §904(b)(1), Oct. 22, 1986, 100 Stat. 2385; Pub. L. 100-647, title IV, §4012(b)(2)(A)-(D)(i), (c)(1), Nov. 10, 1988, 102 Stat. 3657, 3658; Pub. L. 101-73, title XIV, §1401(a)(3)(A), (b)(1), Aug. 9, 1989, 103 Stat. 548, 549; Pub. L. 101-239, title VII, §7841(e)(1), Dec. 19, 1989, 103 Stat. 2429; Pub. L. 101-508, title XI, §11704(a)(7), Nov. 5, 1990, 104 Stat. 1388-518; Pub. L. 115-141, div. U, title IV, §401(b)(25), Mar. 23, 2018, 132 Stat. 1203.)

REFERENCES IN TEXT

Section 406 of the National Housing Act, referred to in subsec. (c)(1), which was classified to section 1729 of Title 12, Banks and Banking, was repealed by Pub. L. 101-73, title IV, §407, Aug. 9, 1989, 103 Stat. 363.

Sections 11(f) and 13(c) of the Federal Deposit Insurance Act, referred to in subsec. (c)(2), are classified to sections 1821(f) and 1823(c), respectively, of Title 12.

AMENDMENTS

2018—Subsec. (c)(1). Pub. L. 115-141 struck out “or section 21A of the Federal Home Loan Bank Act” after “National Housing Act”.

1990—Subsec. (c). Pub. L. 101-508 substituted “For purposes of” for “The purposes of”.

1989—Pub. L. 101-73, §1401(b)(1), repealed amendment made by Pub. L. 99-514, §904(b)(1), see 1986 Amendment note below.

Pub. L. 101-73, §1401(a)(3)(A), amended section generally, substituting present provisions for former provisions which contained section catchline that read “FSLIC or FDIC financial assistance” and which provided: in subsec. (a) for an exclusion from gross income; in subsec. (b) for no reduction in basis of assets; in subsec. (c) for a reduction of tax attributes by 50 percent of amounts excludable under subsection (a); and in subsec. (d) for a definition of “domestic building and loan association”.

Subsec. (b)(2). Pub. L. 101-239 substituted “in connection with such assistance” for “to reflect such treatment”.

1988—Pub. L. 100-647, §4012(b)(2)(D)(i), substituted “FSLIC or FDIC” for “FSLIC” in section catchline.

Subsec. (a). Pub. L. 100-647, §4012(b)(2)(A), inserted at end “Gross income of a bank does not include any amount of money or other property received from the Federal Deposit Insurance Corporation pursuant to sections 13(c), 15(c)(1), and 15(c)(2) of the Federal Deposit Insurance Act (12 U.S.C. 1821(f) and 1823(c)(1) and (c)(2)), regardless of whether any note or other instrument is issued in exchange therefor.”

Subsec. (b). Pub. L. 100-647, §4012(b)(2)(C), substituted “association or bank” for “association”.

Subsec. (c). Pub. L. 100-647, §4012(c)(1), added subsec. (c).

Subsec. (d). Pub. L. 100-647, §4012(b)(2)(B), which directed amendment of section 597(b), as amended by section 4012(c)(1) of Pub. L. 100-647, by adding at the end

thereof subsec. (d), was executed by adding subsec. (d) at the end of section 597, as amended by section 4012(c)(1) of Pub. L. 100-647, as the probable intent of Congress.

1986—Pub. L. 99-514, §904(b)(1), (c)(2)(A), as amended by Pub. L. 100-647, title IV, §4012(a)(2), which (applicable to transfers after Dec. 31, 1989, in taxable years ending after such date, with exceptions) directed repeal of this section, was repealed by Pub. L. 101-73, §1401(b)(1), (c)(4), eff. Oct. 22, 1986, and I.R.C. of 1986 applicable as if the amendments made by such section had not been enacted.

EFFECTIVE DATE OF 1989 AMENDMENT

Pub. L. 101-239, title VII, §7841(e)(2), Dec. 19, 1989, 103 Stat. 2429, provided that: “The amendment made by this subsection [amending this section] shall apply as if included in the amendments made by section 1401 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 [Pub. L. 101-73].”

Pub. L. 101-73, title XIV, §1401(c)(3)-(5), Aug. 9, 1989, 103 Stat. 550, provided that:

“(3) SUBSECTION (a)(3).—

“(A) IN GENERAL.—The amendments made by subsection (a)(3) [amending this section and repealing provisions set out below] shall apply to any amount received or accrued by the financial institution on or after May 10, 1989, except that such amendments shall not apply to transfers on or after such date pursuant to an acquisition to which the amendment made by subsection (a)(1) [amending section 368 of this title] does not apply.

“(B) INTERIM RULE.—In the case of any payment pursuant to a transaction on or after May 10, 1989, and before the date on which the Secretary of the Treasury (or his delegate) takes action in exercise of his regulatory authority under section 597 of the Internal Revenue Code of 1986 (as amended by subsection (a)(3)), the taxpayer may rely on the legislative history for the amendments made by subsection (a)(3) in determining the proper treatment of such payment.

“(4) SUBSECTION (b)(1).—The provisions of subsection (b)(1) [set out below] shall take effect on the date of the enactment of the Tax Reform Act of 1986 [Oct. 22, 1986].

“(5) SUBSECTION (b)(2).—The amendment made by subsection (b)(2) [amending provisions set out below] shall take effect on the date of the enactment of the Technical and Miscellaneous Revenue Act of 1988 [Nov. 10, 1988].”

EFFECTIVE DATE OF 1988 AMENDMENT

Pub. L. 100-647, title IV, §4012(b)(2)(E), Nov. 10, 1988, 102 Stat. 3658, provided that: “The amendments made by this paragraph [amending this section] shall apply to any transfer—

“(i) after the date of the enactment of this Act [Nov. 10, 1988], and before January 1, 1990, unless such transfer is pursuant to an acquisition occurring on or before such date of enactment, and

“(ii) after December 31, 1989, if such transfer is pursuant to an acquisition occurring after such date of enactment and before January 1, 1990.”

Pub. L. 100-647, title IV, §4012(c)(3), Nov. 10, 1988, 102 Stat. 3660, as amended by Pub. L. 101-73, title XIV, §1401(b)(2), Aug. 9, 1989, 103 Stat. 549, provided that: “The amendments made by this subsection [amending this section and provisions set out below] shall apply to any transfer—

“(A) after December 31, 1988, and before January 1, 1990, unless such transfer is pursuant to an acquisition occurring before January 1, 1989, and

“(B) after December 31, 1989, if such transfer is pursuant to an acquisition occurring after December 31, 1988, and before January 1, 1990.

In the case of any bank or any institution treated as a domestic building and loan association for purposes of section 597 of the 1986 Code by reason of the amendment made by subsection (b)(2)(B), the amendments made by

this subsection shall also apply to any transfer before January 1, 1989, to which the amendments made by subsection (b)(2) [amending this section] apply.”

#### EFFECTIVE DATE OF REPEAL

Pub. L. 99-514, title IX, §904(c)(2), Oct. 22, 1986, 100 Stat. 2385, as amended by Pub. L. 100-647, title IV, §4012(a)(2), (c)(2), Nov. 10, 1988, 102 Stat. 3656, 3660, which provided that repeal of this section was to be applicable to transfers after Dec. 31, 1989, in taxable years ending after such date, with exceptions, and which related to clarification of treatment of amounts excluded under this section, was repealed by Pub. L. 101-73, title XIV, §1401(a)(3)(B), (b)(1), Aug. 9, 1989, 103 Stat. 549.

#### EFFECTIVE DATE

Pub. L. 97-34, title II, §246(c), Aug. 13, 1981, 95 Stat. 256, provided that: “The amendment made by section 244 [enacting this section] shall apply to any payment made on or after January 1, 1981.”

#### SAVINGS PROVISION

For provisions that nothing in amendment by Pub. L. 115-141 be construed to affect treatment of certain transactions occurring, property acquired, or items of income, loss, deduction, or credit taken into account prior to Mar. 23, 2018, for purposes of determining liability for tax for periods ending after Mar. 23, 2018, see section 401(e) of Pub. L. 115-141, set out as a note under section 23 of this title.

#### TRANSFER OF FUNCTIONS

Federal Savings and Loan Insurance Corporation abolished and its functions transferred, see sections 401 to 406 of Pub. L. 101-73, set out as a note under section 1437 of Title 12, Banks and Banking.

#### REPEAL OF PROVISIONS RELATING TO REPEAL OF SPECIAL REORGANIZATION RULES FOR FINANCIAL INSTITUTIONS

Pub. L. 101-73, title XIV, §1401(b)(1), Aug. 9, 1989, 103 Stat. 549, provided that: “Section 904 of the Tax Reform Act of 1986 [Pub. L. 99-514, amending section 368 of this title, repealing this section and enacting provisions set out as notes under sections 368 and 597 of this title] (other than subsection (c)(2)(B) thereof [section 904(c)(2)(B) of Pub. L. 99-514, formerly set out as a note above]) is hereby repealed and the Internal Revenue Code of 1986 shall be applied as if the amendments made by such section had not been enacted.”

#### REFERENCES TO FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Pub. L. 101-73, title XIV, §1401(c)(7), Aug. 9, 1989, 103 Stat. 550, provided that: “Any reference to the Federal Savings and Loan Insurance Corporation in section 597 of the Internal Revenue Code of 1986 (as in effect on the day before the date of the enactment of this Act [Aug. 9, 1989]) shall be treated as including a reference to the Resolution Trust Corporation and the FSLIC Resolution Fund.”

#### ANNUAL REPORTS ON TRANSACTIONS IN WHICH FEDERAL FINANCIAL ASSISTANCE PROVIDED

Pub. L. 101-73, title XIV, §1403, Aug. 9, 1989, 103 Stat. 551, which required the Secretary of the Treasury to submit annual reports to the Senate and to the Committee on Ways and Means of the House of Representatives on transactions with respect to which Federal financial assistance subject to this section was provided, terminated, effective May 15, 2000, pursuant to section 3003 of Pub. L. 104-66, as amended, set out as a note under section 1113 of Title 31, Money and Finance. See, also, page 142 of House Document No. 103-7.

#### [§ 601. Repealed. Pub. L. 94-455, title XIX, § 1901(a)(85), Oct. 4, 1976, 90 Stat. 1778]

Section, act Aug. 16, 1954, ch. 736, 68A Stat. 206, related to a special deduction for bank affiliates.

#### EFFECTIVE DATE OF REPEAL

Repeal effective for taxable years beginning after Dec. 31, 1976, see section 1901(d) of Pub. L. 94-455, set out as an Effective Date of 1976 Amendment note under section 2 of this title.

#### Subchapter I—Natural Resources

Part I.	Deductions.
[II.]	Repealed.]
III.	Sales and exchanges.
IV.	Mineral production payments.
V.	Continental shelf areas.

#### PART I—DEDUCTIONS

Sec. 611.	Allowance of deduction for depletion.
612.	Basis for cost depletion.
613.	Percentage depletion.
613A.	Limitations on percentage depletion in case of oil and gas wells. <sup>1</sup>
614.	Definition of property.
[615.]	Repealed.]
616.	Development expenditures.
617.	Deduction and recapture of certain mining exploration expenditures.

#### AMENDMENTS

1990—Pub. L. 101-508, title XI, §11801(b)(7), Nov. 5, 1990, 104 Stat. 1388-522, struck out item for part II “Exclusions from gross income”.

1976—Pub. L. 94-455, title XIX, §1901(b)(21)(H), Oct. 4, 1976, 90 Stat. 1798, struck out item 615 “Exploration expenditures”.

1969—Pub. L. 91-172, title V, §§503(b), 505(c), Dec. 30, 1969, 83 Stat. 631, 634, added items for parts IV and V.

Pub. L. 91-172, title V, §504(c)(5), Dec. 30, 1969, 83 Stat. 633, substituted “Pre-1970 exploration expenditures” for “Exploration expenditures” in item 615 and substituted “Deduction and recapture of certain mining exploration expenditures” for “Additional exploration expenditures in the case of domestic mining” in item 617.

1966—Pub. L. 89-570, §1(d), Sept. 12, 1966, 80 Stat. 762, added item 617.

#### § 611. Allowance of deduction for depletion

##### (a) General rule

In the case of mines, oil and gas wells, other natural deposits, and timber, there shall be allowed as a deduction in computing taxable income a reasonable allowance for depletion and for depreciation of improvements, according to the peculiar conditions in each case; such reasonable allowance in all cases to be made under regulations prescribed by the Secretary. For purposes of this part, the term “mines” includes deposits of waste or residue, the extraction of ores or minerals from which is treated as mining under section 613(c). In any case in which it is ascertained as a result of operations or of development work that the recoverable units are greater or less than the prior estimate thereof, then such prior estimate (but not the basis for depletion) shall be revised and the allowance under this section for subsequent taxable years shall be based on such revised estimate.

##### (b) Special rules

###### (1) Leases

In the case of a lease, the deduction under this section shall be equitably apportioned between the lessor and lessee.

<sup>1</sup> Editorially supplied. Section 613A added by Pub. L. 94-12 without corresponding amendment of part analysis.