

SAVINGS PROVISION

For provisions that nothing in amendment by Pub. L. 101-508 be construed to affect treatment of certain transactions occurring, property acquired, or items of income, loss, deduction, or credit taken into account prior to Nov. 5, 1990, for purposes of determining liability for tax for periods ending after Nov. 5, 1990, see section 11821(b) of Pub. L. 101-508, set out as a note under section 45K of this title.

[§ 1251. Repealed. Pub. L. 98-369, div. A, title IV, § 492(a), July 18, 1984, 98 Stat. 853]

Section, added Pub. L. 91-172, title II, §211(a), Dec. 30, 1969, 83 Stat. 566; amended Pub. L. 92-178, title III, §305(a), Dec. 10, 1971, 85 Stat. 524; Pub. L. 94-455, title II, §206(a), (b)(1), (2), title XIV, §1402(b)(1)(Z), (2), title XIX, §§1901(b)(3)(K), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1535, 1732, 1793, 1834; Pub. L. 97-354, §5(a)(36), Oct. 19, 1982, 96 Stat. 1695; Pub. L. 98-369, div. A, title X, §1001(b)(23), (e), July 18, 1984, 98 Stat. 1012, related to gain from disposition of property used in farming where farm losses offset nonfarm income.

EFFECTIVE DATE OF REPEAL

Repeal applicable to taxable years beginning after Dec. 31, 1983, see section 492(d) of Pub. L. 98-369, set out as an Effective Date of 1984 Amendment note under section 170 of this title.

§ 1252. Gain from disposition of farm land

(a) General rule

(1) Ordinary income

Except as otherwise provided in this section, if farm land which the taxpayer has held for less than 10 years is disposed of, the lower of—

- (A) the applicable percentage of the aggregate of the deductions allowed under section 175 (relating to soil and water conservation expenditures) for expenditures made by the taxpayer with respect to the farm land or
(B) the excess of—

- (i) the amount realized (in the case of a sale, exchange, or involuntary conversion), or the fair market value of the farm land (in the case of any other disposition), over
(ii) the adjusted basis of such land,

shall be treated as ordinary income. Such gain shall be recognized notwithstanding any other provision of this subtitle.

(2) Farm land

For purposes of this section, the term “farm land” means any land with respect to which deductions have been allowed under section 175 (relating to soil and water conservation expenditures).

(3) Applicable percentage

For purposes of this section—

Table with 2 columns: 'If the farm land is disposed of—' and 'The applicable percentage is—'. Rows include: 'Within 5 years after the date it was acquired' (100 percent), 'Within the sixth year after it was acquired' (80 percent), 'Within the seventh year after it was acquired' (60 percent), 'Within the eighth year after it was acquired' (40 percent), 'Within the ninth year after it was acquired' (20 percent), '10 years or more years after it was acquired' (0 percent).

(b) Special rules

Under regulations prescribed by the Secretary, rules similar to the rules of section 1245 shall be applied for purposes of this section.

(Added Pub. L. 91-172, title II, §214(a), Dec. 30, 1969, 83 Stat. 572; amended Pub. L. 94-455, title XIX, §§1901(b)(3)(K), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1793, 1834; Pub. L. 98-369, div. A, title IV, §492(b)(5), July 18, 1984, 98 Stat. 854; Pub. L. 99-514, title IV, §402(b)(2), Oct. 22, 1986, 100 Stat. 2221; Pub. L. 113-295, div. A, title II, §221(a)(85), Dec. 19, 2014, 128 Stat. 4049; Pub. L. 115-141, div. U, title IV, §401(b)(32), Mar. 23, 2018, 132 Stat. 1204.)

AMENDMENTS

2018—Subsec. (a)(1). Pub. L. 115-141, §401(b)(32)(A), struck out “during a taxable year beginning” after “disposed of” in introductory provisions.

Subsec. (a)(1)(A). Pub. L. 115-141, §401(b)(32)(B), substituted “section” for “sections” and “for expenditures” for “and 182 (as in effect on the day before the date of the enactment of the Tax Reform Act of 1986) for expenditures”.

Subsec. (a)(2). Pub. L. 115-141, §401(b)(32)(C), substituted “section” for “sections” and struck out “or 182 (relating to expenditures by farmers for clearing land)” before period at end.

2014—Subsec. (a)(1). Pub. L. 113-295, §221(a)(85)(A), struck out “after December 31, 1969” after “beginning” in introductory provisions.

Subsec. (a)(1)(A). Pub. L. 113-295, §221(a)(85)(B), struck out “after December 31, 1969,” after “taxpayer”.

1986—Subsec. (a)(1)(A). Pub. L. 99-514 substituted “(as in effect on the day before the date of the enactment of the Tax Reform Act of 1986)” for “(relating to expenditures by farmers for clearing land)”.

1984—Subsec. (a)(1). Pub. L. 98-369 struck out “, except that this section shall not apply to the extent section 1251 applies to such gain” after “of this subtitle” in last sentence.

1976—Subsec. (a)(1). Pub. L. 94-455, §1901(b)(3)(K), substituted “ordinary income” for “gain from the sale or exchange of property which is neither a capital asset nor property described in section 1231”.

Subsec. (b). Pub. L. 94-455, §1906(b)(13)(A), struck out “or his delegate” after “Secretary”.

EFFECTIVE DATE OF 2014 AMENDMENT

Amendment by Pub. L. 113-295 effective Dec. 19, 2014, subject to a savings provision, see section 221(b) of Pub. L. 113-295, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 applicable to amounts paid or incurred after Dec. 31, 1985, in taxable years ending after such date, see section 402(c) of Pub. L. 99-514, set out as an Effective Date of Repeal note under former section 182 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 492(d) of Pub. L. 98-369, set out as a note under section 170 of this title.

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by section 1901(b)(3)(K) of Pub. L. 94-455 effective for 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

Pub. L. 91-172, title II, §214(c), Dec. 30, 1969, 83 Stat. 573, provided that: “The amendments made by this section [enacting this section] shall apply to taxable years beginning after December 31, 1969.”