

empt obligation, the aggregate amount of the original issue discount which accrued in the manner provided by section 1272(a) (determined without regard to paragraph (7) thereof) during periods before the acquisition of the bond by the taxpayer”.

Subsec. (b)(1). Pub. L. 103-66, §13206(b)(2)(B)(i), substituted “sections 103, 871(a),” for “sections 871(a)” in last sentence.

1988—Subsec. (a)(4)(B). Pub. L. 100-647, §1006(u)(2), substituted “section 1272(a)(7)” for “section 1272(a)(6)”.

Subsec. (b)(4). Pub. L. 100-647, §1018(c)(3), added par. (4).

Subsec. (c). Pub. L. 100-647, §1018(c)(2), inserted before period at end “, including regulations providing proper adjustments in the case of a bond the principal of which may be paid in 2 or more payments”.

1986—Subsec. (a)(1)(B)(i). Pub. L. 99-514, §1878(a), amended Pub. L. 98-369, §1001(b), by adding a par. (24), effective as if included in Pub. L. 98-369. See 1984 Amendment note below.

Subsec. (a)(1)(C). Pub. L. 99-514, §1803(a)(6), added subpar. (C).

Subsec. (a)(4). Pub. L. 99-514, §1899A(32), substituted “means” for “means of” in introductory provisions.

1984—Subsec. (a)(1)(B)(i). Pub. L. 98-369, §1001(b)(24), as added by Pub. L. 99-514, §1878(a), substituted “6 months” for “1 year”, applicable to property acquired after June 22, 1984, and before Jan. 1, 1988. See Effective Date of 1984 Amendment note below.

#### EFFECTIVE DATE OF 2018 AMENDMENT

Amendment by section 401(c)(1)(G) of Pub. L. 115-141 applicable to debt instruments issued on or after July 2, 1982, see section 401(c)(1)(H) of Pub. L. 115-141, set out as a note under section 163 of this title.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendments by Pub. L. 103-66 applicable to obligations purchased (within the meaning of section 1272(d)(1) of this title) after Apr. 30, 1993, see section 13206(b)(3) of Pub. L. 103-66, set out as a note under section 1276 of this title.

#### EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-647 effective, except as otherwise provided, as if included in the provision of the Tax Reform Act of 1986, Pub. L. 99-514, to which such amendment relates, see section 1019(a) of Pub. L. 100-647, set out as a note under section 1 of this title.

#### EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by sections 1803(a)(6) and 1878(a) of Pub. L. 99-514 effective, except as otherwise provided, as if included in the provisions of the Tax Reform Act of 1984, Pub. L. 98-369, div. A, to which such amendment relates, see section 1881 of Pub. L. 99-514, set out as a note under section 48 of this title.

#### EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98-369 applicable to property acquired after June 22, 1984, and before Jan. 1, 1988, see section 1001(e) of Pub. L. 98-369, set out as a note under section 166 of this title.

#### EFFECTIVE DATE

Section applicable to taxable years ending after July 18, 1984, except as otherwise provided, see section 44 of Pub. L. 98-369, set out as a note under section 1271 of this title.

#### PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1989

For provisions directing that if any amendments made by subtitle A or subtitle C of title XI [§§1101-1147 and 1171-1177] or title XVIII [§§1800-1899A] of Pub. L. 99-514 require an amendment to any plan, such plan amendment shall not be required to be made before the first plan year beginning on or after Jan. 1, 1989, see

section 1140 of Pub. L. 99-514, as amended, set out as a note under section 401 of this title.

#### SUBPART C—DISCOUNT ON SHORT-TERM OBLIGATIONS

Sec. 1281.	Current inclusion in income of discount on certain short-term obligations.
1282.	Deferral of interest deduction allocable to accrued discount.
1283.	Definitions and special rules.

#### § 1281. Current inclusion in income of discount on certain short-term obligations

##### (a) General rule

In the case of any short-term obligation to which this section applies, for purposes of this title—

(1) there shall be included in the gross income of the holder an amount equal to the sum of the daily portions of the acquisition discount for each day during the taxable year on which such holder held such obligation, and

(2) any interest payable on the obligation (other than interest taken into account in determining the amount of the acquisition discount) shall be included in gross income as it accrues.

##### (b) Short-term obligations to which section applies

###### (1) In general

This section shall apply to any short-term obligation which—

(A) is held by a taxpayer using an accrual method of accounting,

(B) is held primarily for sale to customers in the ordinary course of the taxpayer's trade or business,

(C) is held by a bank (as defined in section 581),

(D) is held by a regulated investment company or a common trust fund,

(E) is identified by the taxpayer under section 1256(e)(2) as being part of a hedging transaction, or

(F) is a stripped bond or stripped coupon held by the person who stripped the bond or coupon (or by any other person whose basis is determined by reference to the basis in the hands of such person).

###### (2) Treatment of obligations held by pass-thru entities

###### (A) In general

This section shall apply also to—

(i) any short-term obligation which is held by a pass-thru entity which is formed or availed of for purposes of avoiding the provisions of this section, and

(ii) any short-term obligation which is acquired by a pass-thru entity (not described in clause (i)) during the required accrual period.

###### (B) Required accrual period

For purposes of subparagraph (A), the term “required accrual period” means the period—

(i) which begins with the first taxable year for which the ownership test of sub-