

company for which it was a passive foreign investment company (or, if later, January 1, 1987), and”.

Subsec. (a)(3)(A). Pub. L. 100-647, §1012(p)(14), substituted “for purposes of applying this section to” for “in the case of”.

Subsec. (a)(4), (5). Pub. L. 100-647, §1012(p)(7)(A), struck out par. (4) which related to coordination with section 904, and par. (5) which related to section 902 not applying.

Subsec. (b)(2)(A). Pub. L. 100-647, §1012(p)(13), inserted at end “For purposes of clause (ii), any excess distribution received during such 3-year period shall be taken into account only to the extent it was included in gross income under subsection (a)(1)(B).”

Subsec. (b)(3)(F). Pub. L. 100-647, §1012(p)(3), added subpar. (F).

Subsec. (b)(3)(G). Pub. L. 100-647, §1012(p)(33), added subpar. (G).

Subsec. (c)(1). Pub. L. 100-647, §1012(p)(31), inserted at end “Any increase in the tax imposed by this chapter for the current year under subsection (a) to the extent attributable to the amount referred to in subparagraph (B) shall be treated as interest paid under section 6601 on the due date for the current year.”

Subsec. (d)(1). Pub. L. 100-647, §6127(b)(1), inserted “with respect to the taxpayer” after “qualified electing fund”.

Pub. L. 100-647, §1012(p)(1), amended par. (1) generally. Prior to amendment, par. (1) read as follows: “This section shall not apply with respect to—

“(A) any distribution paid by a passive foreign investment company during a taxable year for which such company is a qualified electing fund, and

“(B) any disposition of stock in a passive foreign investment company if such company is a qualified electing fund for each of its taxable years—

“(i) which begins after December 31, 1986, and for which such company is a passive foreign investment company, and

“(ii) which includes any portion of the taxpayer’s holding period.”

Subsec. (d)(2)(A)(i). Pub. L. 100-647, §6127(b)(2), inserted “with respect to the taxpayer” after “qualified electing fund”.

Subsec. (d)(2)(B). Pub. L. 100-647, §1012(p)(28), added subpar. (B) and struck out former subpar. (B) which related to adjustments to basis of stock to which subpar. (A) applies.

Subsec. (d)(2)(B)(i)(I). Pub. L. 100-647, §6127(b)(2), inserted “with respect to the taxpayer” after “qualified electing fund”.

Subsec. (d)(2)(C). Pub. L. 100-647, §1012(p)(28), added subpar. (C).

Subsec. (e). Pub. L. 100-647, §1012(p)(6)(B), substituted “Except to the extent inconsistent with the regulations prescribed under subsection (f), rules similar”.

Subsec. (e)(2). Pub. L. 100-647, §1012(p)(9), struck out “not” before “a nonresident”.

Subsec. (f). Pub. L. 100-647, §1012(p)(6)(A), amended subsec. (f) generally. Prior to amendment, subsec. (f), “Nonrecognition provisions”, read as follows: “To the extent provided in regulations, gain shall be recognized on any disposition of stock in a passive foreign investment company.”

Subsec. (g). Pub. L. 100-647, §1012(p)(7)(B), added subsec. (g).

EFFECTIVE DATE OF 2017 AMENDMENT

Amendment by Pub. L. 115-97 applicable to taxable years of foreign corporations beginning after Dec. 31, 2017, and to taxable years of United States shareholders in which or with which such taxable years of foreign corporations end, see section 14301(d) of Pub. L. 115-97, set out as a note under section 78 of this title.

EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111-312 applicable to estates of decedents dying, and transfers made after Dec. 31, 2009, except as otherwise provided, see section 301(e) of

Pub. L. 111-312, set out as an Effective and Termination Dates of 2010 Amendment note under section 121 of this title.

Pub. L. 111-147, title V, §521(c), Mar. 18, 2010, 124 Stat. 112, provided that: “The amendments made by this section [amending this section and section 1298 of this title] take effect on the date of the enactment of this Act [Mar. 18, 2010].”

EFFECTIVE DATE OF 2004 AMENDMENT

Amendment by Pub. L. 108-357 applicable to taxable years of foreign corporations beginning after Dec. 31, 2004, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end, see section 413(d)(1) of Pub. L. 108-357, set out as an Effective and Termination Dates of 2004 Amendments note under section 1 of this title.

EFFECTIVE DATE OF 2001 AMENDMENT

Amendment by Pub. L. 107-16 applicable to estates of decedents dying after Dec. 31, 2009, see section 542(f)(1) of Pub. L. 107-16, set out as a note under section 121 of this title.

EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by Pub. L. 105-206 effective, except as otherwise provided, as if included in the provisions of the Taxpayer Relief Act of 1997, Pub. L. 105-34, to which such amendment relates, see section 6024 of Pub. L. 105-206, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105-34 applicable to taxable years of United States persons beginning after Dec. 31, 1997, and to taxable years of foreign corporations ending with or within such taxable years of United States persons, see section 1124 of Pub. L. 105-34, set out as a note under section 532 of this title.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by section 1012(p)(1), (3), (6), (7), (9), (12)-(14), (28), (31), (33) of 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.

Amendment by section 6127(b) of Pub. L. 100-647 effective as if included in the amendments made by section 1235 of Pub. L. 99-514, see section 6127(c)(1) of Pub. L. 100-647, set out as a note under section 1295 of this title.

EFFECTIVE DATE

Pub. L. 99-514, title XII, §1235(h), Oct. 22, 1986, 100 Stat. 2576, provided that: “The amendments made by this section [enacting this section and sections 1293 to 1297 of this title and amending sections 532, 542, 551, 851, 904, 951, 1246, and 6503 of this title] shall apply to taxable years of foreign corporations beginning after December 31, 1986.”

SUBPART B—TREATMENT OF QUALIFIED ELECTING FUNDS

- Sec. 1293. Current taxation of income from qualified electing funds.
- 1294. Election to extend time for payment of tax on undistributed earnings.
- 1295. Qualified electing fund.

§ 1293. Current taxation of income from qualified electing funds

(a) Inclusion

(1) In general

Every United States person who owns (or is treated under section 1298(a) as owning) stock