

For purposes of the preceding sentence, any shares attributable to an investment in the regulated investment company (not exceeding \$250,000) made in connection with the organization of such company shall not be taken into account.

(Added Pub. L. 99-514, title VI, § 651(a), Oct. 22, 1986, 100 Stat. 2294; amended Pub. L. 100-203, title X, § 10104(b)(1), Dec. 22, 1987, 101 Stat. 1330-387; Pub. L. 100-647, title I, § 1006(l)(2), (5), (6), Nov. 10, 1988, 102 Stat. 3413, 3414; Pub. L. 101-239, title VII, § 7204(a)(1), Dec. 19, 1989, 103 Stat. 2334; Pub. L. 105-34, title XI, § 1122(c)(1), Aug. 5, 1997, 111 Stat. 976; Pub. L. 111-325, title IV, §§ 401(a), 402(a), 403(a), 404(a), Dec. 22, 2010, 124 Stat. 3552-3554; Pub. L. 113-295, div. A, title II, §§ 205(d), 220(s), Dec. 19, 2014, 128 Stat. 4026, 4036.)

AMENDMENTS

2014—Subsec. (e)(6)(B). Pub. L. 113-295, § 205(d)(1), inserted “or which determines income by reference to the value of an item on the last day of the taxable year” before period at end.

Subsec. (e)(7)(A). Pub. L. 113-295, § 205(d)(2), substituted “such company may elect to determine its ordinary income and net ordinary loss (as defined in paragraph (2)(C)(ii)) for the calendar year without regard to any portion of any net ordinary loss” for “such company may elect to determine its ordinary income for the calendar year without regard to any net ordinary loss”.

Subsec. (f)(2). Pub. L. 113-295, § 220(s), inserted comma at end.

2010—Subsec. (b)(1)(B). Pub. L. 111-325, § 404(a), substituted “98.2 percent” for “98 percent”.

Subsec. (c)(4). Pub. L. 111-325, § 403(a), added par. (4).

Subsec. (e)(5) to (7). Pub. L. 111-325, § 402(a), added pars. (5) to (7) and struck out former pars. (5) and (6) which related to treatment of foreign currency gains and losses after October 31 of calendar year and treatment of gain recognized under section 1296, respectively.

Subsec. (f). Pub. L. 111-325, § 401(a)(1), struck out “either” before dash at end of introductory provisions.

Subsec. (f)(3), (4). Pub. L. 111-325, § 401(a)(2)-(4), added pars. (3) and (4).

1997—Subsec. (e)(6). Pub. L. 105-34 added par. (6).

1989—Subsec. (b)(1)(A). Pub. L. 101-239 substituted “98 percent” for “97 percent”.

1988—Subsec. (e)(2). Pub. L. 100-647, § 1006(l)(2), amended par. (2) generally. Prior to amendment, par. (2) read as follows: “The term ‘capital gain net income’ has the meaning given to such term by section 1222(9) (determined by treating the 1-year period ending on October 31 of any calendar year as the company’s taxable year).”

Subsec. (e)(5). Pub. L. 100-647, § 1006(l)(5), added par. (5).

Subsec. (f). Pub. L. 100-647, § 1006(l)(6), added subsec. (f).

1987—Subsec. (b)(1)(B). Pub. L. 100-203 substituted “98 percent” for “90 percent”.

EFFECTIVE DATE OF 2014 AMENDMENT

Amendment by section 205(d) of Pub. L. 113-295 effective as if included in the provision of the Regulated Investment Company Modernization Act of 2010, Pub. L. 111-325, to which such amendment relates, with savings provision in certain cases of an election by a regulated investment company under section 852(b)(8) of this title, see section 205(f) of Pub. L. 113-295, set out as a note under section 852 of this title.

EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111-325, title IV, § 401(b), Dec. 22, 2010, 124 Stat. 3552, provided that: “The amendment made by this sec-

tion [amending this section] shall apply to calendar years beginning after the date of the enactment of this Act [Dec. 22, 2010].”

Pub. L. 111-325, title IV, § 402(b), Dec. 22, 2010, 124 Stat. 3553, provided that: “The amendments made by this section [amending this section] shall apply to calendar years beginning after the date of the enactment of this Act [Dec. 22, 2010].”

Pub. L. 111-325, title IV, § 403(b), Dec. 22, 2010, 124 Stat. 3554, provided that: “The amendment made by this section [amending this section] shall apply to calendar years beginning after the date of the enactment of this Act [Dec. 22, 2010].”

Pub. L. 111-325, title IV, § 404(b), Dec. 22, 2010, 124 Stat. 3554, provided that: “The amendments made by this section [amending this section] shall apply to calendar years beginning after the date of the enactment of this Act [Dec. 22, 2010].”

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 1989 AMENDMENT

Pub. L. 101-239, title VII, § 7204(a)(2), Dec. 19, 1989, 103 Stat. 2334, provided that: “The amendment made by paragraph (1) [amending this section] shall apply to calendar years ending after July 10, 1989.”

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 1987 AMENDMENT

Pub. L. 100-203, title X, § 10104(b)(2), Dec. 22, 1987, 101 Stat. 1330-387, provided that: “The amendment made by paragraph (1) [amending this section] shall take effect as if included in the amendments made by section 651 of the Tax Reform Act of 1986 [section 651 of Pub. L. 99-514, see Effective Date note below].”

EFFECTIVE DATE

Pub. L. 99-514, title VI, § 651(d), Oct. 22, 1986, 100 Stat. 2297, provided that: “The amendments made by this section [enacting this section and amending sections 852 and 855 of this title] shall apply to calendar years beginning after December 31, 1986.”

CHAPTER 45—PROVISIONS RELATING TO EXPATRIATED ENTITIES

Sec.

4985. Stock compensation of insiders in expatriated corporations.

PRIOR PROVISIONS

A prior chapter 45, consisting of sections 4986 to 4998, related to windfall profit tax on domestic crude oil, prior to repeal by Pub. L. 100-418, title I, § 1941(a), (c), Aug. 23, 1988, 102 Stat. 1322, 1324, applicable to crude oil removed from the premises on or after Aug. 23, 1988.

§ 4985. Stock compensation of insiders in expatriated corporations

(a) Imposition of tax

In the case of an individual who is a disqualified individual with respect to any expatriated corporation, there is hereby imposed on such person a tax equal to—

- (1) the rate of tax specified in section 1(h)(1)(D), multiplied by