

[Pub. L. 116-260, div. N, title II, §280(b), Dec. 27, 2020, 134 Stat. 1982, provided that: “The amendment made by this section [amending section 2202 of Pub. L. 116-136, set out above] shall apply as if included in the enactment of section 2202 of the CARES Act [Pub. L. 116-136, approved Mar. 27, 2020].”]

APPLICABILITY OF SUBSECTION (t)

Pub. L. 100-647, title I, §1011A(c)(13), Nov. 10, 1988, 102 Stat. 3476, provided that: “Section 72(t) of the 1986 Code shall apply to any distribution without regard to whether such distribution is made without the consent of the participant pursuant to section 411(a)(11) or section 417(e) of the 1986 Code.”

PLAN AMENDMENTS NOT REQUIRED UNTIL
JANUARY 1, 1998

For provisions directing that if any amendments made by subtitle D [§§1401-1465] of title I of Pub. L. 104-188 require an amendment to any plan or annuity contract, such amendment shall not be required to be made before the first day of the first plan year beginning on or after Jan. 1, 1998, see section 1465 of Pub. L. 104-188, set out as a note under section 401 of this title.

PLAN AMENDMENTS NOT REQUIRED UNTIL
JANUARY 1, 1994

For provisions directing that if any amendments made by subtitle B [§§521-523] of title V of Pub. L. 102-318 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, 1994, see section 523 of Pub. L. 102-318, set out as a note under section 401 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.

DEFINITION OF TERMS USED IN TITLE I OF PUB. L. 110-458

Pub. L. 110-458, title I, §100, Dec. 23, 2008, 122 Stat. 5093, provided that: “For purposes of this title [see Tables for classification]:

“(1) AMENDMENT OF 1986 CODE.—The term ‘1986 Code’ means the Internal Revenue Code of 1986.

“(2) AMENDMENT OF ERISA.—The term ‘ERISA’ means the Employee Retirement Income Security Act of 1974 [Pub. L. 93-406; see Short Title note under section 1001 of Title 29, Labor].

“(3) 2006 ACT.—The term ‘2006 Act’ means the Pension Protection Act of 2006 [Pub. L. 109-280; see Short Title of 2006 Amendment note under section 1001 of Title 29, Labor].”

§ 73. Services of child

(a) Treatment of amounts received

Amounts received in respect of the services of a child shall be included in his gross income and not in the gross income of the parent, even though such amounts are not received by the child.

(b) Treatment of expenditures

All expenditures by the parent or the child attributable to amounts which are includible in the gross income of the child (and not of the parent) solely by reason of subsection (a) shall be treated as paid or incurred by the child.

(c) Parent defined

For purposes of this section, the term “parent” includes an individual who is entitled to

the services of a child by reason of having parental rights and duties in respect of the child.

(d) Cross reference

For assessment of tax against parent in certain cases, see section 6201(c).

(Aug. 16, 1954, ch. 736, 68A Stat. 24.)

§ 74. Prizes and awards

(a) General rule

Except as otherwise provided in this section or in section 117 (relating to qualified scholarships), gross income includes amounts received as prizes and awards.

(b) Exception for certain prizes and awards transferred to charities

Gross income does not include amounts received as prizes and awards made primarily in recognition of religious, charitable, scientific, educational, artistic, literary, or civic achievement, but only if—

(1) the recipient was selected without any action on his part to enter the contest or proceeding;

(2) the recipient is not required to render substantial future services as a condition to receiving the prize or award; and

(3) the prize or award is transferred by the payor to a governmental unit or organization described in paragraph (1) or (2) of section 170(c) pursuant to a designation made by the recipient.

(c) Exception for certain employee achievement awards

(1) In general

Gross income shall not include the value of an employee achievement award (as defined in section 274(j)) received by the taxpayer if the cost to the employer of the employee achievement award does not exceed the amount allowable as a deduction to the employer for the cost of the employee achievement award.

(2) Excess deduction award

If the cost to the employer of the employee achievement award received by the taxpayer exceeds the amount allowable as a deduction to the employer, then gross income includes the greater of—

(A) an amount equal to the portion of the cost to the employer of the award that is not allowable as a deduction to the employer (but not in excess of the value of the award), or

(B) the amount by which the value of the award exceeds the amount allowable as a deduction to the employer.

The remaining portion of the value of such award shall not be included in the gross income of the recipient.

(3) Treatment of tax-exempt employers

In the case of an employer exempt from taxation under this subtitle, any reference in this subsection to the amount allowable as a deduction to the employer shall be treated as a reference to the amount which would be allowable as a deduction to the employer if the employer were not exempt from taxation under this subtitle.

(4) Cross reference

For provisions excluding certain de minimis fringes from gross income, see section 132(e).

(d) Exception for Olympic and Paralympic medals and prizes**(1) In general**

Gross income shall not include the value of any medal awarded in, or any prize money received from the United States Olympic Committee on account of, competition in the Olympic Games or Paralympic Games.

(2) Limitation based on adjusted gross income (A) In general

Paragraph (1) shall not apply to any taxpayer for any taxable year if the adjusted gross income (determined without regard to this subsection) of such taxpayer for such taxable year exceeds \$1,000,000 (half of such amount in the case of a married individual filing a separate return).

(B) Coordination with other limitations

For purposes of sections 85(c), 86, 135, 137, 219, 221, and 469, adjusted gross income shall be determined after the application of paragraph (1) and before the application of subparagraph (A).

(Aug. 16, 1954, ch. 736, 68A Stat. 24; Pub. L. 99-514, title I, §§ 122(a)(1), 123(b)(1), Oct. 22, 1986, 100 Stat. 2109, 2113; Pub. L. 114-239, § 2(a), Oct. 7, 2016, 130 Stat. 973; Pub. L. 115-97, title I, § 13305(b)(1), Dec. 22, 2017, 131 Stat. 2126; Pub. L. 116-260, div. EE, title I, § 104(b)(2)(B), Dec. 27, 2020, 134 Stat. 3041; Pub. L. 117-2, title IX, § 9042(b)(1), Mar. 11, 2021, 135 Stat. 122.)

Editorial Notes**AMENDMENTS**

2021—Subsec. (d)(2)(B). Pub. L. 117-2 inserted “85(c),” before “86”.

2020—Subsec. (d)(2)(B). Pub. L. 116-260 struck out “222,” after “221.”

2017—Subsec. (d)(2)(B). Pub. L. 115-97 struck out “199,” after “137.”

2016—Subsec. (d). Pub. L. 114-239 added subsec. (d).

1986—Subsec. (a). Pub. L. 99-514, § 123(b)(1), which directed that subsec. (a) be amended by substituting “(relating to qualified scholarships)” for “(relating to scholarship and fellowship grants)”, was executed by making the substitution for “(relating to scholarships and fellowship grants)” to reflect the probable intent of Congress.

Pub. L. 99-514, § 122(a)(1)(A), substituted “Except as otherwise provided in this section or” for “Except as provided in subsection (b) and”.

Subsec. (b). Pub. L. 99-514, § 122(a)(1)(B), (C), inserted “for certain prizes and awards transferred to charities” in heading and added par. (3).

Subsec. (c). Pub. L. 99-514, § 122(a)(1)(D), added subsec. (c).

Statutory Notes and Related Subsidiaries**CHANGE OF NAME**

References to the United States Olympic Committee deemed to refer to the United States Olympic and Paralympic Committee, see section 220502(c) of Title 36, Patriotic and National Observances, Ceremonies, and Organizations.

EFFECTIVE DATE OF 2021 AMENDMENT

Pub. L. 117-2, title IX, § 9042(c), Mar. 11, 2021, 135 Stat. 122, provided that: “The amendments made by this sec-

tion [amending this section and sections 85, 86, 135, 137, 219, 221, 222, and 469 of this title] shall apply to taxable years beginning after December 31, 2019.”

EFFECTIVE DATE OF 2020 AMENDMENT

Amendment by Pub. L. 116-260 applicable to taxable years beginning after Dec. 31, 2020, see section 104(c) of div. EE of Pub. L. 116-260, set out as a note under section 25A of this title.

EFFECTIVE DATE OF 2017 AMENDMENT

Pub. L. 115-97, title I, § 13305(c), Dec. 22, 2017, 131 Stat. 2126, as amended by Pub. L. 115-141, div. T, § 101(c), Mar. 23, 2018, 132 Stat. 1156, provided that:

“(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section [amending this section and sections 86, 135, 137, 170, 172, 219, 221, 222, 246, 469, 613, and 613A of this title and repealing section 199 of this title] shall apply to taxable years beginning after December 31, 2017.

“(2) TRANSITION RULE FOR QUALIFIED PAYMENTS OF PATRONS OF COOPERATIVES.—

“(A) IN GENERAL.—The amendments made by this section shall not apply to a qualified payment received by a taxpayer from a specified agricultural or horticultural cooperative in a taxable year of the taxpayer beginning after December 31, 2017, which is attributable to qualified production activities income with respect to which a deduction is allowable to the cooperative under section 199 of the Internal Revenue Code of 1986 (as in effect before the amendments made by this section) for a taxable year of the cooperative beginning before January 1, 2018. Any term used in this subparagraph which is also used in section 199 of such Code (as so in effect) shall have the same meaning as when used in such section.

“(B) COORDINATION WITH SECTION 199A.—No deduction shall be allowed under section 199A of such Code for any qualified payment to which subparagraph (A) applies.”

[Amendment by Pub. L. 115-141 to section 13305(c) of Pub. L. 115-97, set out above, effective as if included in section 13305 of Pub. L. 115-97, see section 101(d) of Pub. L. 115-141, set out as a note under section 62 of this title.]

EFFECTIVE DATE OF 2016 AMENDMENT

Pub. L. 114-239, § 2(b), Oct. 7, 2016, 130 Stat. 973, provided that: “The amendment made by this section [amending this section] shall apply to prizes and awards received after December 31, 2015.”

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by section 122(a)(1) of Pub. L. 99-514 applicable to prizes and awards granted after Dec. 31, 1986, see section 151(c) of Pub. L. 99-514, set out as a note under section 1 of this title.

Amendment by section 123(b)(1) of Pub. L. 99-514 applicable to taxable years beginning after Dec. 31, 1986, but only in the case of scholarships and fellowships granted after Aug. 16, 1986, see section 151(d) of Pub. L. 99-514, set out as a note under section 1 of this title.

APPLICABILITY OF CERTAIN AMENDMENTS BY PUBLIC LAW 99-514 IN RELATION TO TREATY OBLIGATIONS OF UNITED STATES

For nonapplication of amendment by section 123(b)(1) of Pub. L. 99-514 to the extent application of such amendment would be contrary to any treaty obligation of the United States in effect on Oct. 22, 1986, see section 1012(aa)(3) of Pub. L. 100-647, set out as a note under section 861 of this title.

§ 75. Dealers in tax-exempt securities**(a) Adjustment for bond premium**

In computing the gross income of a taxpayer who holds during the taxable year a municipal