

wise provided, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of Title 7, Agriculture.

Pub. L. 110-234, title XV, §15303(c), May 22, 2008, 122 Stat. 1502, and Pub. L. 110-246, §4(a), title XV, §15303(c), June 18, 2008, 122 Stat. 1664, 2264, provided that: "The amendments made by this section [amending this section] shall apply to expenditures paid or incurred after December 31, 2008."

[Pub. L. 110-234 and Pub. L. 110-246 enacted identical provisions. Pub. L. 110-234 was repealed by section 4(a) of Pub. L. 110-246, set out as a note under section 8701 of Title 7, Agriculture.]

#### EFFECTIVE DATE OF 1986 AMENDMENT

Pub. L. 99-514, title IV, §401(b), Oct. 22, 1986, 100 Stat. 2221, provided that: "The amendment made by this section [amending this section] shall apply to amounts paid or incurred after December 31, 1986, in taxable years ending after such date."

#### EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by section 1901(a)(30) of Pub. L. 94-455 applicable with respect to 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 OF 1968 AMENDMENT

Pub. L. 90-630, §5(c), Oct. 22, 1968, 82 Stat. 1330, provided that: "The amendments made by subsections (a) and (b) [amending this section] shall apply to assessments levied after the date of the enactment of this Act [Oct. 22, 1968] in taxable years ending after such date."

### § 176. Payments with respect to employees of certain foreign corporations

In the case of a domestic corporation, there shall be allowed as a deduction amounts (to the extent not compensated for) paid or incurred pursuant to an agreement entered into under section 3121(l) with respect to services performed by United States citizens employed by foreign subsidiary corporations. Any reimbursement of any amount previously allowed as a deduction under this section shall be included in gross income for the taxable year in which received.

(Added Sept. 1, 1954, ch. 1206, title II, §210(a), 68 Stat. 1096.)

### [§ 177. Repealed. Pub. L. 99-514, title II, § 241(a), Oct. 22, 1986, 100 Stat. 2181]

Section, added June 29, 1956, ch. 464, §4(a), 70 Stat. 406; amended Oct. 4, 1976, Pub. L. 94-455, title XIX, §1906(b)(13)(A), 90 Stat. 1834, related to deductions for trademark and trade name expenditures.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF REPEAL

Pub. L. 99-514, title II, §241(c), Oct. 22, 1986, 100 Stat. 2181, provided that:

"(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section [amending sections 312 and 1016 of this title and repealing this section] shall apply to expenditures paid or incurred after December 31, 1986.

"(2) TRANSITIONAL RULE.—The amendments made by this section shall not apply to any expenditure incurred—

"(A) pursuant to a binding contract entered into before March 2, 1986, or

"(B) with respect to the development, protection, expansion, registration, or defense of a trademark or trade name commenced before March 2, 1986, but only

if not less than the lesser of \$1,000,000 or 5 percent of the aggregate cost of such development, protection, expansion, registration, or defense has been incurred or committed before such date.

The preceding sentence shall not apply to any expenditure with respect to a trademark or trade name placed in service after December 31, 1987."

### § 178. Amortization of cost of acquiring a lease

#### (a) General rule

In determining the amount of the deduction allowable to a lessee for exhaustion, wear and tear, obsolescence, or amortization in respect of any cost of acquiring the lease, the term of the lease shall be treated as including all renewal options (and any other period for which the parties reasonably expect the lease to be renewed) if less than 75 percent of such cost is attributable to the period of the term of the lease remaining on the date of its acquisition.

#### (b) Certain periods excluded

For purposes of subsection (a), in determining the period of the term of the lease remaining on the date of acquisition, there shall not be taken into account any period for which the lease may subsequently be renewed, extended, or continued pursuant to an option exercisable by the lessee.

(Added Pub. L. 85-866, title I, §15(a), Sept. 2, 1958, 72 Stat. 1612; amended Pub. L. 99-514, title II, §201(d)(2)(A), title XVIII, §1812(c)(4)(B), Oct. 22, 1986, 100 Stat. 2139, 2835; Pub. L. 100-647, title I, §1002(a)(9), Nov. 10, 1988, 102 Stat. 3354.)

#### Editorial Notes

##### AMENDMENTS

1988—Subsec. (a). Pub. L. 100-647 substituted "the deduction allowable to a lessee for exhaustion, wear and tear, obsolescence, or amortization" for "the deduction allowable to a lessee of a lease for any taxable year for amortization under section 167, 169, 179, 185, 190, 193, or 194".

1986—Pub. L. 99-514, §201(d)(2)(A), in amending section generally, substituted provision relating to amortization of cost of acquiring a lease, subsec. (a) setting out a general rule and subsec. (b) excluding certain periods, for former provision for depreciation or amortization of improvements made by lessee on lessor's property, subsec. (a) setting out a general rule, subsec. (b), in case of related lessee and lessor, setting out a general rule in par. (1) and defining related persons in par. (2), and subsec. (c) setting out a reasonable certainty test.

Subsec. (b)(2)(B). Pub. L. 99-514, §1812(c)(4)(B), inserted before the period "and subsection (f)(1)(A) of such section shall not apply".

#### Statutory Notes and Related Subsidiaries

##### 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 section 201(d)(2)(A) of Pub. L. 99-514 applicable to property placed in service after Dec. 31, 1986, in taxable years ending after such date, with exceptions, see sections 203 and 204 of Pub. L. 99-514, set out as a note under section 168 of this title.

Amendment by section 201(d)(2)(A) of Pub. L. 99-514 not applicable to any property placed in service before