

limitations provided in section 6501 on the making of assessments, and the bringing of distraint or a proceeding in court for collection, in respect of the deficiency and all interest, additional amounts, or assessable penalties, shall be suspended for a period of 2 years after the date of the determination.

**(2) Stay of collection**

In the case of any deficiency with respect to the tax imposed by section 541 established by a determination under this section—

(A) the collection of the deficiency and all interest, additional amounts, and assessable penalties shall, except in cases of jeopardy, be stayed until the expiration of 120 days after the date of the determination, and

(B) if claim for deficiency dividend deduction is filed under subsection (e), the collection of such part of the deficiency as is not reduced by the deduction for deficiency dividends provided in subsection (a) shall be stayed until the date the claim is disallowed (in whole or in part) and if disallowed in part collection shall be made only with respect to the part disallowed.

No distraint or proceeding in court shall be begun for the collection of an amount the collection of which is stayed under subparagraph (A) or (B) during the period for which the collection of such amount is stayed.

**(g) Deduction denied in case of fraud, etc.**

No deficiency dividend deduction shall be allowed under subsection (a) if the determination contains a finding that any part of the deficiency is due to fraud with intent to evade tax, or to wilful failure to file an income tax return within the time prescribed by law or prescribed by the Secretary in pursuance of law.

(Aug. 16, 1954, ch. 736, 68A Stat. 191; Pub. L. 94-455, title XIX, §§ 1901(a)(78), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1777, 1834.)

**Editorial Notes**

**AMENDMENTS**

1976—Subsecs. (c)(3), (e), (g). Pub. L. 94-455, § 1906(b)(13)(A), struck out “or his delegate” after “Secretary” wherever appearing.

Subsec. (h). Pub. L. 94-455, § 1901(a)(78), struck out subsec. (h) relating to the effective date of provisions concerning deduction of deficiency dividends.

**Statutory Notes and Related Subsidiaries**

**EFFECTIVE DATE OF 1976 AMENDMENT**

Amendment by section 1901(a)(78) 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.

**[PART III—REPEALED]**

**[§§ 551 to 558. Repealed. Pub. L. 108-357, title IV, § 413(a)(1), Oct. 22, 2004, 118 Stat. 1506]**

Section 551, acts Aug. 16, 1954, ch. 736, 68A Stat. 193; Pub. L. 88-272, title II, § 225(f)(4), Feb. 26, 1964, 78 Stat. 88; Pub. L. 94-455, title XIX, § 1901(a)(79), (b)(1)(F)(i), (12)(A), Oct. 4, 1976, 90 Stat. 1777, 1790, 1795; Pub. L. 98-369, div. A, title I, § 132(b), July 18, 1984, 98 Stat. 666; Pub. L. 99-514, title XII, § 1235(e), title XVIII,

§ 1810(h)(2), Oct. 22, 1986, 100 Stat. 2575, 2829; Pub. L. 100-647, title I, § 1012(bb)(1)(A), (B), Nov. 10, 1988, 102 Stat. 3533; Pub. L. 105-34, title XI, § 1122(d)(2), Aug. 5, 1997, 111 Stat. 977, provided for taxation of foreign personal holding company income to United States shareholders.

Section 552, acts Aug. 16, 1954, ch. 736, 68A Stat. 195; Pub. L. 94-455, title XIX, § 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834; Pub. L. 98-369, div. A, title I, § 132(c)(2), July 18, 1984, 98 Stat. 666; Pub. L. 99-514, title XII, § 1222(b), title XVIII, § 1810(h)(1), Oct. 22, 1986, 100 Stat. 2557, 2829; Pub. L. 100-647, title I, § 1012(bb)(1)(C), Nov. 10, 1988, 102 Stat. 3533, defined “foreign personal holding company”.

Section 553, acts Aug. 16, 1954, ch. 736, 68A Stat. 195; Pub. L. 86-435, § 1(e), Apr. 22, 1960, 74 Stat. 78; Pub. L. 88-272, title II, § 225(e), Feb. 26, 1964, 78 Stat. 85; Pub. L. 94-455, title XIX, § 1901(b)(32)(F), Oct. 4, 1976, 90 Stat. 1800; Pub. L. 99-514, title VI, § 645(a)(3), Oct. 22, 1986, 100 Stat. 2291, related to determination of foreign personal holding company income.

Section 554, acts Aug. 16, 1954, ch. 736, 68A Stat. 196; Pub. L. 88-272, title II, § 225(e), Feb. 26, 1964, 78 Stat. 86; Pub. L. 98-369, div. A, title I, § 132(a), July 18, 1984, 98 Stat. 665, related to constructive ownership of stock and treatment of convertible securities as outstanding stock.

Section 555, act Aug. 16, 1954, ch. 736, 68A Stat. 196, related to determination of gross income of foreign personal holding companies.

Section 556, acts Aug. 16, 1954, ch. 736, 68A Stat. 196; Pub. L. 85-866, title I, § 33(a), (b)(1), (c)(1), Sept. 2, 1958, 72 Stat. 1632; Pub. L. 87-403, § 3(e), Feb. 2, 1962, 76 Stat. 7; Pub. L. 88-272, title II, §§ 207(b)(6), 209(c)(2), Feb. 26, 1964, 78 Stat. 42, 46; Pub. L. 91-172, title II, § 201(a)(2)(B), Dec. 30, 1969, 83 Stat. 558; Pub. L. 94-455, title XIX, §§ 1901(a)(80), (b)(32)(G), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1778, 1800, 1834; Pub. L. 97-448, title I, § 102(m)(2), Jan. 12, 1983, 96 Stat. 2374; Pub. L. 101-508, title XI, § 11802(d)(1), Nov. 5, 1990, 104 Stat. 1388-529, related to undistributed foreign personal holding company income.

Section 557, act Aug. 16, 1954, ch. 736, 68A Stat. 198, related to inapplicability of section 443(b) of this title in the computation of income.

Section 558, added Pub. L. 85-866, title I, § 33(d)(1), Sept. 2, 1958, 72 Stat. 1632, related to returns of officers, directors, and shareholders of foreign personal holding companies.

**Statutory Notes and Related Subsidiaries**

**EFFECTIVE DATE OF REPEAL**

Repeal 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.

**PART IV—DEDUCTION FOR DIVIDENDS PAID**

Sec. 561.	Definition of deduction for dividends paid.
562.	Rules applicable in determining dividends eligible for dividends paid deduction.
563.	Rules relating to dividends paid after close of taxable year.
564.	Dividend carryover.
565.	Consent dividends.

**§ 561. Definition of deduction for dividends paid**

**(a) General rule**

The deduction for dividends paid shall be the sum of—

(1) the dividends paid during the taxable year,