

**Editorial Notes**

## AMENDMENTS

2004—Subsec. (c)(1). Pub. L. 108-357 struck out “941(a)(5),” after “sections 908(a),”.

2000—Subsec. (c)(1). Pub. L. 106-519 inserted “941(a)(5),” after “908(a),”.

1986—Subsec. (c)(1), (2). Pub. L. 99-514 repealed section 802(c)(3) of Pub. L. 98-369 thereby restoring former text. See 1984 Amendment note below.

1984—Subsec. (c)(1), (2). Pub. L. 98-369 which substituted “995(b)(1)(F)(i)” for “995(b)(1)(F)(ii)” wherever appearing was repealed. See 1986 Amendment note above.

1978—Subsec. (c)(1). Pub. L. 95-600, §703(h)(2), substituted “995(b)(1)(F)(ii)” for “995(b)(3)”.

Subsec. (c)(2). Pub. L. 95-600, §703(h)(3), substituted “995(b)(1)(F)(ii)” for “995(b)(1)(D)(ii)”.

**Statutory Notes and Related Subsidiaries**

## EFFECTIVE DATE OF 2004 AMENDMENT

Amendment by Pub. L. 108-357 applicable to transactions after Dec. 31, 2004, see section 101(c) of Pub. L. 108-357, set out as a note under section 56 of this title.

## EFFECTIVE DATE OF 2000 AMENDMENT

Amendment by Pub. L. 106-519 applicable to transactions after Sept. 30, 2000, with special rules relating to existing foreign sales corporations, see section 5 of Pub. L. 106-519, set out as a note under section 56 of this title.

## EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 effective, except as otherwise provided, as if included in the provisions of the Tax Reform Act of 1984, Pub. L. 98-369, div. A, to which such amendment relates, see section 1881 of Pub. L. 99-514, set out as a note under section 48 of this title.

## EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98-369 applicable to transactions after Dec. 31, 1984, in taxable years ending after such date, see section 805(a)(1) of Pub. L. 98-369, as amended, set out as a note under section 245 of this title.

## EFFECTIVE DATE OF 1978 AMENDMENT

Amendment by Pub. L. 95-600 effective on Oct. 4, 1976, see section 703(r) of Pub. L. 95-600, set out as a note under section 46 of this title.

## EFFECTIVE DATE

Section applicable to participation in or cooperation with an international boycott more than 30 days after Oct. 4, 1976, with special provisions for existing contracts, see section 1066(a) of Pub. L. 94-455, set out as an Effective Date of 1976 Amendment note under section 908 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.

## REPORTS BY THE SECRETARY

Pub. L. 94-455, title X, §1067, Oct. 4, 1976, 90 Stat. 1654, as amended by Pub. L. 98-369, div. A, title IV, §441(c), July 18, 1984, 98 Stat. 815, which required the Secretary to transmit a report every four years to the Committee on Ways and Means of the House of Representatives

and to the Committee on Finance of the Senate relating to reports filed under section 999(a) of this title and describing the administration of provisions relating to international boycott activity, terminated, effective May 15, 2000, pursuant to section 3003 of Pub. L. 104-66, as amended, set out as a note under section 1113 of Title 31, Money and Finance. See, also, page 141 of House Document No. 103-7.

**[§ 1000. Reserved]****Subchapter O—Gain or Loss on Disposition of Property**

## Part

- |       |   |
|-------|---|
| I.    | Determination of amount of and recognition of gain or loss. |
| II.   | Basis rules of general application.                         |
| III.  | Common nontaxable exchanges.                                |
| IV.   | Special rules.  |
| [V.]  | Repealed.]  |
| [VI.] | Repealed.] <sup>1</sup>                                     |
| VII.  | Wash sales; straddles.                                      |

**Editorial Notes**

## AMENDMENTS

1995—Pub. L. 104-7, §2(c), Apr. 11, 1995, 109 Stat. 93, struck out item for part V “Changes to effectuate F.C.C. policy”.

1990—Pub. L. 101-508, title XI, §11801(b)(9), Nov. 5, 1990, 104 Stat. 1388-522, struck out item for part VIII “Distributions pursuant to Bank Holding Company Act”.

1981—Pub. L. 97-34, title V, §501(d)(3), Aug. 13, 1981, 95 Stat. 327, substituted “Wash sales; straddles” for “Wash sales of stock or securities” in item for part VII. 1976—Pub. L. 94-455, title XIX, §1901(b)(32)(I), Oct. 4, 1976, 90 Stat. 1800, struck out item for part IX “Distributions pursuant to orders enforcing the antitrust laws”.

Pub. L. 94-452, §2(c), Oct. 2, 1976, 90 Stat. 1512, struck out “of 1956” after “Bank Holding Company Act” in item for part VIII.

1962—Pub. L. 87-403, §1(b), Feb. 2, 1962, 76 Stat. 5, added item for part IX.

1956—Act May 9, 1956, ch. 240, §10(b), 70 Stat. 146, added item for part VIII.

**PART I—DETERMINATION OF AMOUNT OF AND RECOGNITION OF GAIN OR LOSS**

## Sec.

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|---------|---|
| 1001.   | Determination of amount of and recognition of gain or loss. |
| [1002.] | Repealed.]  |

**Editorial Notes**

## AMENDMENTS

1976—Pub. L. 94-455, title XIX, §1901(b)(28)(B)(ii), Oct. 4, 1976, 90 Stat. 1799, struck out item 1002 “Recognition of gain or loss”.

**§ 1001. Determination of amount of and recognition of gain or loss****(a) Computation of gain or loss**

The gain from the sale or other disposition of property shall be the excess of the amount realized therefrom over the adjusted basis provided in section 1011 for determining gain, and the loss shall be the excess of the adjusted basis provided in such section for determining loss over the amount realized.

<sup>1</sup>Part repealed by Pub. L. 109-135 without corresponding amendment of subchapter analysis.

**(b) Amount realized**

The amount realized from the sale or other disposition of property shall be the sum of any money received plus the fair market value of the property (other than money) received. In determining the amount realized—

(1) there shall not be taken into account any amount received as reimbursement for real property taxes which are treated under section 164(d) as imposed on the purchaser, and

(2) there shall be taken into account amounts representing real property taxes which are treated under section 164(d) as imposed on the taxpayer if such taxes are to be paid by the purchaser.

**(c) Recognition of gain or loss**

Except as otherwise provided in this subtitle, the entire amount of the gain or loss, determined under this section, on the sale or exchange of property shall be recognized.

**(d) Installment sales**

Nothing in this section shall be construed to prevent (in the case of property sold under contract providing for payment in installments) the taxation of that portion of any installment payment representing gain or profit in the year in which such payment is received.

**(e) Certain term interests****(1) In general**

In determining gain or loss from the sale or other disposition of a term interest in property, that portion of the adjusted basis of such interest which is determined pursuant to section 1014, 1015, or 1041 (to the extent that such adjusted basis is a portion of the entire adjusted basis of the property) shall be disregarded.

**(2) Term interest in property defined**

For purposes of paragraph (1), the term “term interest in property” means—

- (A) a life interest in property,
- (B) an interest in property for a term of years, or
- (C) an income interest in a trust.

**(3) Exception**

Paragraph (1) shall not apply to a sale or other disposition which is a part of a transaction in which the entire interest in property is transferred to any person or persons.

(Aug. 16, 1954, ch. 736, 68A Stat. 295; Pub. L. 91-172, title II, § 231(c)(2), title V, § 516(a), Dec. 30, 1969, 83 Stat. 579, 646; Pub. L. 94-455, title XIX, § 1901(a)(121), Oct. 4, 1976, 90 Stat. 1784; Pub. L. 95-600, title VII, § 702(c)(9), Nov. 6, 1978, 92 Stat. 2928; Pub. L. 96-223, title IV, § 401(a), Apr. 2, 1980, 94 Stat. 299; Pub. L. 98-369, div. A, title IV, § 421(b)(4), July 18, 1984, 98 Stat. 794; Pub. L. 103-66, title XIII, § 13213(a)(2)(E), Aug. 10, 1993, 107 Stat. 474.)

**Editorial Notes****AMENDMENTS**

1993—Subsec. (f). Pub. L. 103-66 struck out heading and text of subsec. (f). Text read as follows: “For treatment of certain expenses incident to the sale of a residence which were deducted as moving expenses by the

taxpayer or his spouse under section 217(a), see section 217(e).”

1984—Subsec. (e)(1). Pub. L. 98-369 inserted reference to section 1041.

1980—Subsec. (e)(1). Pub. L. 96-223 repealed the amendment made by Pub. L. 95-600. See 1978 Amendment note below.

1978—Subsec. (e)(1). Pub. L. 95-600 inserted reference to section 1023. See Repeals note below.

1976—Subsec. (c). Pub. L. 94-455 substituted provision recognizing the entire amount of gain or loss, except as otherwise provided, for provision referring to section 1002 for the determination of the extent of gain or loss to be recognized.

1969—Subsec. (e). Pub. L. 91-172, § 516(a), added subsec. (e).

Subsec. (f). Pub. L. 91-172, § 231(c)(2), added subsec. (f).

**Statutory Notes and Related Subsidiaries****EFFECTIVE DATE OF 1993 AMENDMENT**

Amendment by Pub. L. 103-66 applicable to expenses incurred after Dec. 31, 1993, see section 13213(e) of Pub. L. 103-66 set out as a note under section 62 of this title.

**EFFECTIVE DATE OF 1984 AMENDMENT**

Amendment by Pub. L. 98-369 applicable to transfers after July 18, 1984, in taxable years ending after such date, subject to election to have amendment apply to transfers after 1983 or to transfers pursuant to existing decrees, see section 421(d) of Pub. L. 98-369, set out as an Effective Date note under section 1041 of this title.

**EFFECTIVE DATE OF 1980 AMENDMENT AND REVIVAL OF PRIOR LAW**

Amendment by Pub. L. 96-223 (repealing section 702(c)(9) of Pub. L. 95-600 and the amendment made thereby, which had amended this section) applicable in respect of decedents dying after Dec. 31, 1976, and except for certain elections, this title to be applied and administered as if those repealed provisions had not been enacted, see section 401(b), (e) of Pub. L. 96-223, set out as a note under section 1023 of this title.

**EFFECTIVE DATE OF 1978 AMENDMENT**

Amendment by Pub. L. 95-600 effective as if included in the amendments and additions made by, and the appropriate provisions of Pub. L. 94-455, see section 702(c)(10) of Pub. L. 95-600, set out as a note under section 1014 of this title.

**EFFECTIVE DATE OF 1976 AMENDMENT**

Amendment by Pub. L. 94-455 effective for 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 1969 AMENDMENT**

Amendment by section 231(c)(2) of Pub. L. 91-172 applicable to taxable years beginning after Dec. 31, 1969, see section 231(d) of Pub. L. 91-172, set out as a note under section 217 of this title.

Pub. L. 91-172, title V, § 516(d), Dec. 30, 1969, 83 Stat. 648, as amended by Pub. L. 99-514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(1) The amendment made by subsection (a) [amending this section] shall apply to sales or other dispositions after October 9, 1969.

“(2) The amendment made by subsection (b) [amending section 1231 of this title] shall apply to taxable years beginning after December 31, 1969.

“(3) The amendments made by subsection (c) [enacting section 1253 and amending sections 162 and 1016 of this title] shall apply to transfers after December 31, 1969, except that section 1253(d)(1) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] (as added by subsection (c) shall, at the election of the taxpayer (made at such time and in such manner as the Sec-

retary or his delegate may by regulations prescribe), apply to transfers before January 1, 1970, but only with respect to payments made in taxable years ending after December 31, 1969, and beginning before January 1, 1980.”

#### REPEALS

Pub. L. 95-600, § 702(c)(9), cited as a credit to this section, and the amendment made thereby, were repealed by Pub. L. 96-223, title IV, § 401(a), 94 Stat. 299, resulting in the text of this section reading as it read prior to enactment of section 702(c)(9). See Effective Date of 1980 Amendment and Revival of Prior Law note set out above.

#### [§ 1002. Repealed. Pub. L. 94-455, title XIX, § 1901(b)(28)(B)(i), Oct. 4, 1976, 90 Stat. 1799]

Section, act Aug. 16, 1954, ch. 736, 68A Stat. 295, related to the recognition of the entire amount of gain or loss determined under section 1001 on the sale or exchange of property.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF REPEAL

Repeal effective for taxable years beginning after Dec. 31, 1976, see section 1901(d) of Pub. L. 94-455, set out as an Effective Date of 1976 Amendment note under section 2 of this title.

#### PART II—BASIS RULES OF GENERAL APPLICATION

Sec.	
1011.	Adjusted basis for determining gain or loss.
1012.	Basis of property—cost.
1013.	Basis of property included in inventory.
1014.	Basis of property acquired from a decedent.
1015.	Basis of property acquired by gifts and transfers in trust.
1016.	Adjustments to basis.
1017.	Discharge of indebtedness.
[1018.	Repealed.]
1019.	Property on which lessee has made improvements.
[1020.	Repealed.]
1021.	Sale of annuities.
[1022.	Repealed.]
1023.	Cross references.
[1024.	Renumbered.]

#### Editorial Notes

##### AMENDMENTS

2010—Pub. L. 111-312, title III, § 301(a), Dec. 17, 2010, 124 Stat. 3300, amended analysis to read as if amended by Pub. L. 107-16, § 542(e)(6), had never been enacted. See 2001 Amendment note below.

2001—Pub. L. 107-16, title V, § 542(e)(6), June 7, 2001, 115 Stat. 86, added item 1022.

1980—Pub. L. 96-589, § 6(h)(2), Dec. 24, 1980, 94 Stat. 3410, struck out item 1018 “Adjustments of capital structure before September 22, 1938”.

Pub. L. 96-223, title IV, § 401(a), Apr. 2, 1980, 94 Stat. 299, repealed section 2005(e)(1) of Pub. L. 94-455 and the amendment made thereby. See 1986 Amendment note below.

1978—Pub. L. 95-600, title V, § 515(5), Nov. 6, 1978, 92 Stat. 2884, substituted “December 31, 1979” for “December 31, 1976” in item 1023.

1976—Pub. L. 94-455, title XX, § 2005(e)(1), Oct. 4, 1976, 90 Stat. 1878, which added item 1023 and redesignated former item 1023 as 1024, was repealed by Pub. L. 96-223, § 401(a). See section 401(b), (e) of Pub. L. 96-223, set out as an Effective Date of 1980 Amendments and Revival of Prior Law note under section 1023 of this title.

Pub. L. 94-455, title XIX, § 1901(b)(29)(B), (30)(C), Oct. 4, 1976, 90 Stat. 1799, struck out item 1020 “Election in

respect of depreciation, etc., allowed before 1952”, and item 1022 “Increase in basis with respect to certain foreign personal holding company stock or securities”.

1964—Pub. L. 88-272, title II, § 225(j)(3), Feb. 26, 1964, 78 Stat. 93, added item 1022 and redesignated former item 1022 as 1023.

#### § 1011. Adjusted basis for determining gain or loss

##### (a) General rule

The adjusted basis for determining the gain or loss from the sale or other disposition of property, whenever acquired, shall be the basis (determined under section 1012 or other applicable sections of this subchapter and subchapters C (relating to corporate distributions and adjustments), K (relating to partners and partnerships), and P (relating to capital gains and losses)), adjusted as provided in section 1016.

##### (b) Bargain sale to a charitable organization

If a deduction is allowable under section 170 (relating to charitable contributions) by reason of a sale, then the adjusted basis for determining the gain from such sale shall be that portion of the adjusted basis which bears the same ratio to the adjusted basis as the amount realized bears to the fair market value of the property.

(Aug. 16, 1954, ch. 736, 68A Stat. 296; Pub. L. 91-172, title II, § 201(f), Dec. 30, 1969, 83 Stat. 564.)

#### Editorial Notes

##### AMENDMENTS

1969—Pub. L. 91-172 redesignated existing provisions as subsec. (a) and added subsec. (b).

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 1969 AMENDMENT

Amendment by Pub. L. 91-172 applicable with respect to sales made after Dec. 19, 1969, see section 201(g)(6) of Pub. L. 91-172, set out as a note under section 170 of this title.

#### § 1012. Basis of property—cost

##### (a) In general

The basis of property shall be the cost of such property, except as otherwise provided in this subchapter and subchapters C (relating to corporate distributions and adjustments), K (relating to partners and partnerships), and P (relating to capital gains and losses).

##### (b) Special rule for apportioned real estate taxes

The cost of real property shall not include any amount in respect of real property taxes which are treated under section 164(d) as imposed on the taxpayer.

##### (c) Determinations by account

###### (1) In general

In the case of the sale, exchange, or other disposition of a specified security on or after the applicable date, the conventions prescribed by regulations under this section shall be applied on an account by account basis.

###### (2) Application to certain regulated investment companies

###### (A) In general

Except as provided in subparagraph (B), any stock for which an average basis method