

as follows: “In the case of any tax-exempt obligation (as defined in section 1275(a)(3))—

“(1) subsections (a) and (b)(1) shall not apply.

“(2) the rules of subsection (b)(4) shall apply for purposes of subsection (c), and

“(3) subsection (c) shall be applied without regard to the requirement that the bond be purchased before July 2, 1982.”

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 2018 AMENDMENT

Amendment by section 401(c)(2)(A)–(C) of Pub. L. 115–141 applicable to bonds purchased on or after July 2, 1982, see section 401(c)(2)(E) of Pub. L. 115–141, set out as a note under section 305 of this title.

##### EFFECTIVE DATE OF 2004 AMENDMENT

Amendment by Pub. L. 108–357 applicable to purchases and dispositions after Oct. 22, 2004, see section 831(c) of Pub. L. 108–357, set out as a note under section 305 of this title.

##### EFFECTIVE DATE OF 1988 AMENDMENT

Pub. L. 100–647, title I, § 1018(q)(4)(B), Nov. 10, 1988, 102 Stat. 3586, provided that:

“(i) Except as provided in clause (ii), the amendment made by subparagraph (A) [amending this section] shall apply to any purchase or sale after June 10, 1987, of any stripped tax-exempt obligation or stripped coupon from such an obligation.

“(ii) If—

“(I) any person held any obligation or coupon in stripped form on June 10, 1987, and

“(II) such obligation or coupon was held by such person on such date for sale in the ordinary course of such person’s trade or business,

the amendment made by subparagraph (A) shall not apply to any sale of such obligation or coupon by such person and shall not apply to any such obligation or coupon while held by another person who purchased such obligation or coupon from the person referred to in subclause (I).”

##### EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by section 1803(a)(13)(B) of Pub. L. 99–514 applicable to obligations acquired after Oct. 22, 1986, see section 1803(a)(13)(C) of Pub. L. 99–514, set out as a note under section 1276 of this title.

Pub. L. 99–514, title XVIII, § 1879(s)(2), Oct. 22, 1986, 100 Stat. 2913, provided that: “The amendment made by paragraph (1) [amending this section] shall apply to any purchase or sale of any stripped tax-exempt obligation or stripped coupon from such an obligation after the date of the enactment of this Act [Oct. 22, 1986].”

##### EFFECTIVE DATE

Section applicable to taxable years ending after July 18, 1984, except as otherwise provided, see section 44 of Pub. L. 98–369, set out as a note under section 1271 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.

#### § 1287. Denial of capital gain treatment for gains on certain obligations not in registered form

##### (a) In general

If any registration-required obligation is not in registered form, any gain on the sale or other

disposition of such obligation shall be treated as ordinary income (unless the issuance of such obligation was subject to tax under section 4701).

##### (b) Definitions

For purposes of subsection (a)—

##### (1) Registration-required obligation

The term “registration-required obligation” has the meaning given to such term by section 163(f)(2).

##### (2) Registered form

The term “registered form” has the same meaning as when used in section 163(f).

(Added Pub. L. 98–369, div. A, title I, § 41(a), July 18, 1984, 98 Stat. 552; amended Pub. L. 111–147, title V, § 502(a)(2)(D), Mar. 18, 2010, 124 Stat. 107.)

#### Editorial Notes

##### AMENDMENTS

2010—Subsec. (b)(1). Pub. L. 111–147 struck out “except that clause (iv) of subparagraph (A), and subparagraph (B), of such section shall not apply” before period.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 2010 AMENDMENT

Amendment by Pub. L. 111–147 applicable to obligations issued after the date which is 2 years after Mar. 18, 2010, see section 502(f) of Pub. L. 111–147, set out as a note under section 149 of this title.

##### EFFECTIVE DATE

Section applicable to taxable years ending after July 18, 1984, except as otherwise provided, see section 44 of Pub. L. 98–369, set out as a note under section 1271 of this title.

#### § 1288. Treatment of original issue discount on tax-exempt obligations

##### (a) General rule

Original issue discount on any tax-exempt obligation shall be treated as accruing—

(1) for purposes of section 163, in the manner provided by section 1272(a) (determined without regard to paragraph (7) thereof), and

(2) for purposes of determining the adjusted basis of the holder, in the manner provided by section 1272(a) (determined with regard to paragraph (7) thereof).

##### (b) Definitions and special rules

For purposes of this section—

##### (1) Original issue discount

The term “original issue discount” has the meaning given to such term by section 1273(a) without regard to paragraph (3) thereof. In applying section 483 or 1274, under regulations prescribed by the Secretary, appropriate adjustments shall be made to the applicable Federal rate to take into account the tax exemption for interest on the obligation.

##### (2) Tax-exempt obligation

The term “tax-exempt obligation” has the meaning given to such term by section 1275(a)(3).

##### (3) Short-term obligations

In applying this section to obligations with maturity of 1 year or less, rules similar to the rules of section 1283(b) shall apply.