

title I, §42(a)(12), title II, §211(b)(18), title IV, §474(r)(25), July 18, 1984, 98 Stat. 557, 756, 844; Pub. L. 99-514, title XVIII, §1812(a)(4), Oct. 22, 1986, 100 Stat. 2833; Pub. L. 115-97, title I, §13511(b)(8), Dec. 22, 2017, 131 Stat. 2142.)

**Editorial Notes**

**AMENDMENTS**

2017—Subsec. (i)(3). Pub. L. 115-97 struck out at end “or the operations loss deduction under section 810.”

1986—Subsec. (d)(2). Pub. L. 99-514 substituted “relating to recovery of tax benefit items” for “relating to recovery of bad debts, etc.”.

1984—Subsec. (a)(1). Pub. L. 98-369, §211(b)(18)(A), substituted “801” for “802” in two places.

Subsec. (c)(2). Pub. L. 98-369, §211(b)(18)(B), substituted “section 807(c)” for “section 810(c)”.

Subsec. (h). Pub. L. 98-369, §42(a)(12), substituted “section 1273(a)” for “section 1232(a)(2)”.

Subsec. (i)(1). Pub. L. 98-369, §474(r)(25)(A), substituted “section 27” for “section 33”.

Subsec. (i)(2). Pub. L. 98-369, §474(r)(25)(B), substituted “section 38 (relating to general business credit)” for “section 38 (relating to investment credit)”.

Subsec. (i)(3). Pub. L. 98-369, §211(b)(18)(C), substituted “section 810” for “section 812”.

1978—Subsec. (d)(4). Pub. L. 95-600 substituted “the rates of tax specified in section 11(b)” for “the normal tax rate provided by section 11(b) and the surtax rate provided by section 11(c) which are in effect”.

1976—Subsecs. (a)(2), (d)(2). Pub. L. 94-455, §1906(b)(13)(A), struck out “or his delegate” after “Secretary”.

Subsec. (d)(3). Pub. L. 94-455, §1031(b)(3), struck out provisions relating to an election to have limitation provided by section 904(a)(2) apply and to revocation of such an election previously made.

Subsec. (i). Pub. L. 94-455, §1906(b)(13)(A), struck out “or his delegate” after “Secretary”.

**Statutory Notes and Related Subsidiaries**

**EFFECTIVE DATE OF 2017 AMENDMENT**

Amendment by Pub. L. 115-97 applicable to losses arising in taxable years beginning after Dec. 31, 2017, see section 13511(c) of Pub. L. 115-97, set out as a note under section 381 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 section 42(a)(12) of Pub. L. 98-369 applicable to taxable years ending after July 18, 1984, see section 44 of Pub. L. 98-369, set out as an Effective Date note under section 1271 of this title.

Amendment by section 211(b)(18) of Pub. L. 98-369 applicable to taxable years beginning after Dec. 31, 1983, see section 215 of Pub. L. 98-369, set out as an Effective Date note under section 801 of this title.

Amendment by section 474(r)(25) of Pub. L. 98-369 applicable to taxable years beginning after Dec. 31, 1983, and to carrybacks from such years, see section 475(a) of Pub. L. 98-369, set out as a note under section 21 of this title.

**EFFECTIVE DATE OF 1978 AMENDMENT**

Amendment by Pub. L. 95-600 applicable to taxable years beginning after Dec. 31, 1978, see section 301(c) of Pub. L. 95-600, set out as a note under section 11 of this title.

**EFFECTIVE DATE OF 1976 AMENDMENT**

Amendment by section 1031(b)(3) of Pub. L. 94-455 applicable to taxable years beginning after Dec. 31, 1975,

with exceptions for certain mining operations, and for income from possessions, see section 1031(c) of Pub. L. 94-455, set out as a note under section 904 of this title.

**EFFECTIVE DATE**

Pub. L. 89-384, §2, Apr. 8, 1966, 80 Stat. 105, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: “The amendments made by section 1 (except subsection (b)) [enacting this section and section 6167 of this title and amending sections 46, 901, 6503, and 6601 of this title] shall apply with respect to amounts received after December 31, 1964, in respect of foreign expropriation losses (as defined in section 1351(b) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] added by section 1(a) sustained after December 31, 1958.”

**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.

**Subchapter R—Election To Determine Corporate Tax on Certain International Shipping Activities Using Per Ton Rate**

- Sec. 1352. Alternative tax on qualifying shipping activities.
- 1353. Notional shipping income.
- 1354. Alternative tax election; revocation; termination.
- 1355. Definitions and special rules.
- 1356. Qualifying shipping activities.
- 1357. Items not subject to regular tax; depreciation; interest.
- 1358. Allocation of credits, income, and deductions.
- 1359. Disposition of qualifying vessels.

**Editorial Notes**

**PRIOR PROVISIONS**

A prior subchapter R, consisting of section 1361, related to election of certain partnerships and proprietorships to be taxed as domestic corporations, prior to repeal by Pub. L. 89-389, §4(b)(1), Apr. 14, 1966, 80 Stat. 116, effective Jan. 1, 1969.

**§ 1352. Alternative tax on qualifying shipping activities**

In the case of an electing corporation, the tax imposed by section 11 shall be the amount equal to the sum of—

- (1) the tax imposed by section 11 determined after the application of this subchapter, and
- (2) a tax equal to—
  - (A) the highest rate of tax specified in section 11, multiplied by
  - (B) the notional shipping income for the taxable year.

(Added Pub. L. 108-357, title II, §248(a), Oct. 22, 2004, 118 Stat. 1450.)

**Statutory Notes and Related Subsidiaries**

**EFFECTIVE DATE**

Section applicable to taxable years beginning after Oct. 22, 2004, see section 248(c) of Pub. L. 108-357, set out as an Effective Date of 2004 Amendments note under section 56 of this title.

**§ 1353. Notional shipping income****(a) In general**

For purposes of this subchapter, the notional shipping income of an electing corporation shall be the sum of the amounts determined under subsection (b) for each qualifying vessel operated by such electing corporation.

**(b) Amounts****(1) In general**

For purposes of subsection (a), the amount of notional shipping income of an electing corporation for each qualifying vessel for the taxable year shall equal the product of—

(A) the daily notional shipping income, and

(B) the number of days during the taxable year that the electing corporation operated such vessel as a qualifying vessel in United States foreign trade.

**(2) Treatment of vessels the income from which is not otherwise subject to tax**

In the case of a qualifying vessel any of the income from which is not included in gross income by reason of section 883 or otherwise, the amount of notional shipping income from such vessel for the taxable year shall be the amount which bears the same ratio to such shipping income (determined without regard to this paragraph) as the gross income from the operation of such vessel in the United States foreign trade bears to the sum of such gross income and the income so excluded.

**(c) Daily notional shipping income**

For purposes of subsection (b), the daily notional shipping income from the operation of a qualifying vessel is—

(1) 40 cents for each 100 tons of so much of the net tonnage of the vessel as does not exceed 25,000 net tons, and

(2) 20 cents for each 100 tons of so much of the net tonnage of the vessel as exceeds 25,000 net tons.

**(d) Multiple operators of vessel**

If for any period 2 or more persons are operators of a qualifying vessel, the notional shipping income from the operation of such vessel for such period shall be allocated among such persons on the basis of their respective ownership, charter, and operating agreement interests in such vessel or on such other basis as the Secretary may prescribe by regulations.

(Added Pub. L. 108-357, title II, §248(a), Oct. 22, 2004, 118 Stat. 1450; amended Pub. L. 109-135, title IV, § 403(g)(1)(A), Dec. 21, 2005, 119 Stat. 2624.)

**Editorial Notes****AMENDMENTS**

2005—Subsec. (d). Pub. L. 109-135 substituted “ownership, charter, and operating agreement interests” for “ownership and charter interests”.

**Statutory Notes and Related Subsidiaries****EFFECTIVE DATE OF 2005 AMENDMENT**

Amendment by Pub. L. 109-135 effective as if included in the provision of the American Jobs Creation Act of

2004, Pub. L. 108-357, to which such amendment relates, see section 403(nn) of Pub. L. 109-135, set out as a note under section 26 of this title.

**EFFECTIVE DATE**

Section applicable to taxable years beginning after Oct. 22, 2004, see section 248(c) of Pub. L. 108-357, set out as an Effective Date of 2004 Amendments note under section 56 of this title.

**§ 1354. Alternative tax election; revocation; termination****(a) In general**

A qualifying vessel operator may elect the application of this subchapter.

**(b) Time and manner; years for which effective**

An election under this subchapter—

(1) shall be made in such form as prescribed by the Secretary, and

(2) shall be effective for the taxable year for which made and all succeeding taxable years until terminated under subsection (d).

Such election may be effective for any taxable year only if made on or before the due date (including extensions) for filing the corporation's return for such taxable year.

**(c) Consistent elections by members of controlled groups**

An election under subsection (a) by a member of a controlled group shall apply to all qualifying vessel operators that are members of such group.

**(d) Termination****(1) By revocation****(A) In general**

An election under subsection (a) may be terminated by revocation.

**(B) When effective**

Except as provided in subparagraph (C)—

(i) a revocation made during the taxable year and on or before the 15th day of the 4th month thereof shall be effective on the 1st day of such taxable year, and

(ii) a revocation made during the taxable year but after such 15th day shall be effective on the 1st day of the following taxable year.

**(C) Revocation may specify prospective date**

If the revocation specifies a date for revocation which is on or after the day on which the revocation is made, the revocation shall be effective for taxable years beginning on and after the date so specified.

**(2) By person ceasing to be qualifying vessel operator****(A) In general**

An election under subsection (a) shall be terminated whenever (at any time on or after the 1st day of the 1st taxable year for which the corporation is an electing corporation) such corporation ceases to be a qualifying vessel operator.

**(B) When effective**

Any termination under this paragraph shall be effective on and after the date of cessation.