

PART III—CHANGES IN RATES DURING A
TAXABLE YEAR

Sec.

15. Effect of changes.

AMENDMENTS

1984—Pub. L. 98-369, div. A, title IV, § 474(b)(3), July 18, 1984, 98 Stat. 830, substituted “15. Effect of changes” for “21. Effect of changes”.

§ 15. Effect of changes

(a) General rule

If any rate of tax imposed by this chapter changes, and if the taxable year includes the effective date of the change (unless that date is the first day of the taxable year), then—

(1) tentative taxes shall be computed by applying the rate for the period before the effective date of the change, and the rate for the period on and after such date, to the taxable income for the entire taxable year; and

(2) the tax for such taxable year shall be the sum of that proportion of each tentative tax which the number of days in each period bears to the number of days in the entire taxable year.

(b) Repeal of tax

For purposes of subsection (a)—

(1) if a tax is repealed, the repeal shall be considered a change of rate; and

(2) the rate for the period after the repeal shall be zero.

(c) Effective date of change

For purposes of subsections (a) and (b)—

(1) if the rate changes for taxable years “beginning after” or “ending after” a certain date, the following day shall be considered the effective date of the change; and

(2) if a rate changes for taxable years “beginning on or after” a certain date, that date shall be considered the effective date of the change.

(d) Section not to apply to inflation adjustments

This section shall not apply to any change in rates under subsection (f) of section 1 (relating to adjustments in tax tables so that inflation will not result in tax increases).

(e) References to highest rate

If the change referred to in subsection (a) involves a change in the highest rate of tax imposed by section 1 or 11(b), any reference in this chapter to such highest rate (other than in a provision imposing a tax by reference to such rate) shall be treated as a reference to the weighted average of the highest rates before and after the change determined on the basis of the respective portions of the taxable year before the date of the change and on or after the date of the change.

(f) Rate reductions enacted by Economic Growth and Tax Relief Reconciliation Act of 2001

This section shall not apply to any change in rates under subsection (i) of section 1 (relating to rate reductions after 2000).

(Aug. 16, 1954, ch. 736, 68A Stat. 12, § 21; Pub. L. 88-272, title I, § 132, Feb. 26, 1964, 78 Stat. 30; Pub.

L. 91-172, title VIII, § 803(e), Dec. 30, 1969, 83 Stat. 685; Pub. L. 92-178, title II, § 205, Dec. 10, 1971, 85 Stat. 511; Pub. L. 94-12, title III, § 305(b)(2), Mar. 29, 1975, 89 Stat. 45; Pub. L. 94-164, § 4(d)(2), Dec. 23, 1975, 89 Stat. 975; Pub. L. 94-455, title IX, § 901(c)(2), Oct. 4, 1976, 90 Stat. 1607; Pub. L. 95-30, title I, § 101(d)(2), May 23, 1977, 91 Stat. 133; Pub. L. 95-600, title I, § 106, Nov. 6, 1978, 92 Stat. 2776; Pub. L. 97-34, title I, § 101(d)(3), Aug. 13, 1981, 95 Stat. 184; renumbered § 15, Pub. L. 98-369, div. A, title IV, § 474(b)(1), July 18, 1984, 98 Stat. 830; Pub. L. 99-514, title I, § 101(b), Oct. 22, 1986, 100 Stat. 2099; Pub. L. 100-647, title I, § 1006(a), Nov. 10, 1988, 102 Stat. 3393; Pub. L. 107-16, title I, § 101(c)(3), June 7, 2001, 115 Stat. 43.)

AMENDMENT OF SECTION

For termination of amendment by section 901 of Pub. L. 107-16, see Effective and Termination Dates of 2001 Amendment note below.

AMENDMENTS

2001—Subsec. (f). Pub. L. 107-16, §§ 101(c)(3), 901, temporarily added subsec. (f). See Effective and Termination Dates of 2001 Amendment note below.

1988—Subsec. (e). Pub. L. 100-647 added subsec. (e).

1986—Subsec. (d). Pub. L. 99-514 amended subsec. (d) generally, substituting “apply to inflation adjustments” for “apply to section 1 rate changes made by Economic Recovery Tax Act of 1981” in heading and struck out “section 1 attributable to the amendments made by section 101 of the Economic Tax Act of 1981 or” before “subsection (f)” in text.

1984—Pub. L. 98-369 renumbered section 21 of this title as this section.

1981—Subsec. (d). Pub. L. 97-34 substituted provisions that this section shall not apply to any change in rates under section 1 attributable to the amendments made by section 101 of the Economic Recovery Tax Act of 1981 or subsec. (f) of section 1 for provisions that had related to the changes made by section 303(b) of the Tax Reduction Act of 1975 in the surtax exemption.

Subsecs. (e), (f). Pub. L. 97-34 struck out subsecs. (e) and (f) which had related, respectively, to changes made by the Tax Reduction and Simplification Act of 1977 and to changes made by Revenue Act of 1978.

1978—Subsec. (f). Pub. L. 95-600 added subsec. (f).

1977—Subsec. (d). Pub. L. 95-30, § 101(d)(2)(A), (B), redesignated subsec. (f) as (d). Former subsec. (d), which directed that, in applying subsec. (a) to a taxable year of an individual which was not a calendar year, each change made by the Tax Reform Act of 1969 in part I or in the application of part IV or V of subchapter B for purposes of the determination of taxable income should be treated as a change in a rate of tax, was struck out.

Subsec. (e). Pub. L. 95-30, § 101(d)(2)(A), (C), added subsec. (e). Former subsec. (e), which directed that, in applying subsec. (a) to a taxable year of an individual which was not a calendar year, each change made by the Revenue Act of 1971 in section 141 (relating to the standard deduction) and section 151 (relating to personal exemptions) should be treated as a change in a rate of tax, was struck out.

Subsec. (f). Pub. L. 95-30, § 101(d)(2)(B), redesignated subsec. (f) as (d).

1976—Subsec. (f). Pub. L. 94-455 substituted “in the surtax exemption and any change under section 11(d) in the surtax exemption” for “and the change made by section 3(c) of the Revenue Adjustment Act of 1975 in section 11(d) (relating to corporate surtax exemption)”.

1975—Subsec. (f). Pub. L. 94-164 inserted reference to change made by section 3(c) of the Revenue Adjustment Act of 1975.

Pub. L. 94-12 added subsec. (f).

1971—Subsec. (e). Pub. L. 92-178 added subsec. (e).

1969—Subsec. (d). Pub. L. 91-172 substituted provisions covering changes made by the Tax Reform Act of