

sale, purchase, or lease expenses", and par. (3)(A) and (B) which placed dollar limits on the amount allowed to be deducted as moving expenses.

Subsec. (c)(1). Pub. L. 103-66, §13213(b), substituted "50 miles" for "35 miles" in subpars. (A) and (B).

Subsec. (e). Pub. L. 103-66, §13213(a)(2)(A), struck out heading and text of subsec. (e). Text read as follows: "The amount realized on the sale of the residence described in subparagraph (A) of subsection (b)(2) shall not be decreased by the amount of any expenses described in such subparagraph which are allowed as a deduction under subsection (a), and the basis of a residence described in subparagraph (B) of subsection (b)(2) shall not be increased by the amount of any expenses described in such subparagraph which are allowed as a deduction under subsection (a). This subsection shall not apply to any expenses with respect to which an amount is included in gross income under subsection (d)(3)."

Subsec. (f). Pub. L. 103-66, §13213(a)(2)(B), amended heading and text of subsec. (f) generally. Prior to amendment, text read as follows:

"(1) DEFINITION.—For purposes of this section, the term 'self-employed individual' means an individual who performs personal services—

"(A) as the owner of the entire interest in an unincorporated trade or business, or

"(B) as a partner in a partnership carrying on a trade or business.

"(2) RULE FOR APPLICATION OF SUBSECTIONS (b)(1)(C) AND (D).—For purposes of subparagraphs (C) and (D) of subsection (b)(1), an individual who commences work at a new principal place of work as a self-employed individual shall be treated as having obtained employment when he has made substantial arrangements to commence such work."

Subsec. (g)(3). Pub. L. 103-66, §13213(a)(2)(C), inserted "and" at end of subpar. (A), redesignated subpar. (C) as (B), and struck out former subpar. (B) which read as follows: "for purposes of subsection (b)(3), as if such place of work was within the same general location as the member's new principal place of work, and"

Subsec. (h). Pub. L. 103-66, §13213(a)(2)(D), redesignated pars. (2) to (4) as (1) to (3), respectively, and struck out heading and text of former par. (1). Text read as follows: "In the case of a foreign move—

"(A) subsection (b)(1)(D) shall be applied by substituting '90 consecutive days' for '30 consecutive days'.

"(B) subsection (b)(3)(A) shall be applied by substituting '\$4,500' for '\$1,500' and by substituting '\$6,000' for '\$3,000', and

"(C) subsection (b)(3)(B) shall be applied as if the last sentence of such subsection read as follows: 'In the case of a husband and wife filing separate returns, subparagraph (A) shall be applied by substituting "\$2,250" for "\$4,500", and by substituting "\$3,000" for "\$6,000'."

1978—Subsecs. (h) to (j). Pub. L. 95-615 added subsecs. (h) and (i) and redesignated former subsec. (h) as (j).

1976—Subsec. (b)(3)(A). Pub. L. 94-455, §506(b)(1), (2), substituted "\$1,500" for "\$1,000" after "(1) shall not exceed" and "\$3,000" for "\$2,500" after "lease expenses shall not exceed".

Subsec. (b)(3)(B). Pub. L. 94-455, §506(b)(3), substituted "\$750" for "\$1,500" for "\$500" for "\$1,000" after "applied by substituting" and "\$1,500" for "\$3,000" for "\$1,250" for "\$2,500" after "and by substituting".

Subsec. (c)(1)(A), (B). Pub. L. 94-455, §506(a), substituted "35" for "50" after "at least".

Subsecs. (g), (h). Pub. L. 94-455, §§506(c), 1906(b)(13)(A), added subsec. (g), redesignated former subsec. (g) as (h) and struck out "or his delegate" after "Secretary".

1969—Pub. L. 91-172 substantially reenacted existing provisions and extended the coverage to self-employed persons working at the new location for 78 weeks, made it a requirement that the new principal place of work be located 50 miles from the former residence, and redefined the deduction to include costs of house-hunting trips, temporary living expenses prior to locating a new

home, and expenses of selling an old home or buying a new one.

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 1978 AMENDMENT; ELECTION OF PRIOR LAW

Amendment by Pub. L. 95-615 applicable to taxable years beginning after Dec. 31, 1977, with provision for election of prior law, see section 209 of Pub. L. 95-615, set out as an Effective Date of 1978 Amendment note under section 911 of this title.

EFFECTIVE DATE OF 1976 AMENDMENT

Section 506(d) of Pub. L. 94-455 provided that: "The amendments made by subsections (a) and (b) [amending this section] shall apply to taxable years beginning after December 31, 1976."

EFFECTIVE DATE OF 1969 AMENDMENT

Section 231(d) of Pub. L. 91-172, as amended by Pub. L. 91-642, §2, Dec. 31, 1970, 84 Stat. 1880; Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: "The amendments made by this section [enacting section 82 of this title and amending this section and sections 1001 and 1016 of this title] shall apply to taxable years beginning after December 31, 1969, except that—

"(1) section 217 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] (as amended by subsection (a)) shall not apply to any item to the extent that the taxpayer received or accrued reimbursement or other expense allowance for such item in a taxable year beginning on or before December 31, 1969, which was not included in his gross income; and

"(2) the amendments made by this section shall not apply (at the election of the taxpayer made at such time and manner as the Secretary of the Treasury or his delegate prescribes) with respect to moving expenses paid or incurred before January 1, 1971, in connection with the commencement of work by the taxpayer as an employee at a new principal place of work of which the taxpayer had been notified by his employer on or before December 19, 1969."

EFFECTIVE DATE

Section applicable to expenses incurred after Dec. 31, 1963, in taxable years ending after such date, see section 213(d) of Pub. L. 88-272, set out as an Effective Date of 1964 Amendment note under section 62 of this title.

MOVING EXPENSES OF MEMBERS OF THE UNIFORMED SERVICES

Pub. L. 93-490, §2, Oct. 26, 1974, 88 Stat. 1466, authorized the Secretary of the Treasury, applicable with respect to taxable years ending before January 1, 1976, to:

(1) enter into an agreement with the Secretary concerned under which the Secretary concerned would not be required to withhold tax on, or to report, moving expense reimbursements made to members of the armed forces;

(2) permit any taxpayer who was a member of the armed forces not to include in adjusted gross income the amount of any reimbursement in kind of moving expenses made by the Secretary concerned; and

(3) permit any taxpayer who was a member of the armed forces to deduct any amount paid by him as moving expenses in connection with any move required by the Secretary concerned, in excess of any reimbursement received for such expenses, without regard to the provisions of subsec. (c) of this section, to the extent it was otherwise deductible under this section.

[§ 218. Repealed. Pub. L. 95-600, title I, § 113(a)(1), Nov. 6, 1978, 92 Stat. 2778]

Section, added Pub. L. 92-178, title VII, §702(a), Dec. 10, 1971, 85 Stat. 561; amended Pub. L. 93-625, §§11(d),

12(b), Jan. 3, 1975, 88 Stat. 2120; Pub. L. 94-455, title XIX, §1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834, related to contributions to candidates for public office.

A prior section 218 was renumbered section 224 of this title.

EFFECTIVE DATE OF REPEAL

Repeal effective with respect to contributions the payment of which is made after Dec. 31, 1978, in taxable years beginning after such date, see section 113(d) of Pub. L. 95-600, set out as an Effective Date of 1978 Amendment note under section 24 of this title.

§ 219. Retirement savings

(a) Allowance of deduction

In the case of an individual, there shall be allowed as a deduction an amount equal to the qualified retirement contributions of the individual for the taxable year.

(b) Maximum amount of deduction

(1) In general

The amount allowable as a deduction under subsection (a) to any individual for any taxable year shall not exceed the lesser of—

- (A) the deductible amount, or
(B) an amount equal to the compensation includible in the individual's gross income for such taxable year.

(2) Special rule for employer contributions under simplified employee pensions

This section shall not apply with respect to an employer contribution to a simplified employee pension.

(3) Plans under section 501(c)(18)

Notwithstanding paragraph (1), the amount allowable as a deduction under subsection (a) with respect to any contributions on behalf of an employee to a plan described in section 501(c)(18) shall not exceed the lesser of—

- (A) \$7,000, or
(B) an amount equal to 25 percent of the compensation (as defined in section 415(c)(3)) includible in the individual's gross income for such taxable year.

(4) Special rule for simple retirement accounts

This section shall not apply with respect to any amount contributed to a simple retirement account established under section 408(p).

(5) Deductible amount

For purposes of paragraph (1)(A)—

(A) In general

The deductible amount shall be determined in accordance with the following table:

Table with 2 columns: For taxable years beginning in, The deductible amount is. Rows: 2002 through 2004 (\$3,000), 2005 through 2007 (\$4,000), 2008 and thereafter (\$5,000).

(B) Catch-up contributions for individuals 50 or older

(i) In general

In the case of an individual who has attained the age of 50 before the close of the taxable year, the deductible amount for such taxable year shall be increased by the applicable amount.

(ii) Applicable amount

For purposes of clause (i), the applicable amount shall be the amount determined in accordance with the following table:

Table with 2 columns: For taxable years beginning in, The applicable amount is. Rows: 2002 through 2005 (\$500), 2006 and thereafter (\$1,000).

(C) Catchup contributions for certain individuals

(i) In general

In the case of an applicable individual who elects to make a qualified retirement contribution in addition to the deductible amount determined under subparagraph (A)—

- (I) the deductible amount for any taxable year shall be increased by an amount equal to 3 times the applicable amount determined under subparagraph (B) for such taxable year, and
(II) subparagraph (B) shall not apply.

(ii) Applicable individual

For purposes of this subparagraph, the term "applicable individual" means, with respect to any taxable year, any individual who was a qualified participant in a qualified cash or deferred arrangement (as defined in section 401(k)) of an employer described in clause (iii) under which the employer matched at least 50 percent of the employee's contributions to such arrangement with stock of such employer.

(iii) Employer described

An employer is described in this clause if, in any taxable year preceding the taxable year described in clause (ii)—

- (I) such employer (or any controlling corporation of such employer) was a debtor in a case under title 11 of the United States Code, or similar Federal or State law, and
(II) such employer (or any other person) was subject to an indictment or conviction resulting from business transactions related to such case.

(iv) Qualified participant

For purposes of clause (ii), the term "qualified participant" means any applicable individual who was a participant in the cash or deferred arrangement described in such clause on the date that is 6 months before the filing of the case described in clause (iii).

(v) Termination

This subparagraph shall not apply to taxable years beginning after December 31, 2009.

(D) Cost-of-living adjustment

(i) In general

In the case of any taxable year beginning in a calendar year after 2008, the \$5,000 amount under subparagraph (A) shall be increased by an amount equal to—

- (I) such dollar amount, multiplied by
(II) the cost-of-living adjustment determined under section 1(f)(3) for the cal-