EFFECTIVE DATE

Section 1014(d) of Pub. L. 94–455 provided that: ''The amendments made by this section [enacting this section and amending section 667 of this title] shall apply to taxable years beginning after December 31, 1976.''

SAVINGS PROVISION

For provisions that nothing in amendment by Pub. L. 101–508 be construed to affect treatment of certain transactions occurring, property acquired, or items of income, loss, deduction, or credit taken into account prior to Nov. 5, 1990, for purposes of determining liability for tax for periods ending after Nov. 5, 1990, see section 11821(b) of Pub. L. 101–508, set out as a note under section 45K of this title.

[§ 669. Repealed. Pub. L. 94–455, title VII, § 701(d)(1), Oct. 4, 1976, 90 Stat. 1578]

Section, acts Oct. 16, 1962, Pub. L. 87–834, § 7(e), 76 Stat. 986; Dec. 30, 1969, Pub. L. 91–172, title III, § 331(a), 83 Stat. 596, related to the treatment of capital gain deemed distributed in preceding years.

EFFECTIVE DATE OF REPEAL

Repeal applicable to distributions made in taxable years beginning after Dec. 31, 1975, see section 701(h) of Pub. L. 94–455, set out as an Effective Date of 1976 Amendment note under section 667 of this title.

SUBPART E—GRANTORS AND OTHERS TREATED AS SUBSTANTIAL OWNERS

Sec.
671. Trust income, deductions, and credits attributable to grantors and others as substantial owners.
672. Definitions and rules.
673. Reversionary interests.
674. Power to control beneficial enjoyment.
675. Administrative powers.
676. Power to revoke.
677. Income for benefit of grantor.
678. Person other than grantor treated as substantial owner.
679. Foreign trusts having one or more United States beneficiaries.

AMENDMENTS

1976—Pub. L. 94–455, title X, § 1013(e)(1), Oct. 4, 1976, 90 Stat. 1616, added item 679.

§ 671. Trust income, deductions, and credits attributable to grantors and others as substantial owners

Where it is specified in this subpart that the grantor or another person shall be treated as the owner of any portion of a trust, there shall then be included in computing the taxable income and credits of the grantor or the other person those items of income, deductions, and credits against tax of the trust which are attributable to that portion of the trust to the extent that such items would be taken into account under this chapter in computing taxable income or credits against the tax of an individual. Any remaining portion of the trust shall be subject to subparts A through D. No items of a trust shall be included in computing the taxable income and credits of the grantor or of any other person solely on the grounds of his dominion and control over the trust under section 61 (relating to definition of gross income) or any other provision of this title, except as specified in this subpart.

(Aug. 16, 1954, ch. 736, 68A Stat. 226.)

CERTAIN ENTITIES NOT TREATED AS CORPORATIONS

Pub. L. 99–514, title VI, § 646, Oct. 22, 1986, 100 Stat. 2292, as amended by Pub. L. 100–647, title I, § 1006(k), Nov. 10, 1988, 102 Stat. 3411, provided that:

''(a) GENERAL RULE.—For purposes of the Internal Revenue Code of 1986, if the entity described in subsection (b) makes an election under subsection (c), such entity shall be treated as a trust to which subpart E of part 1 of subchapter J of chapter 1 of such Code applies.

''(b) ENTITY.—An entity is described in this subsection if—

''(1) such entity was created in 1906 as a common law trust and is governed by the trust laws of the State of Minnesota,

''(2) such entity is exclusively engaged in the leasing of mineral property and activities incidental thereto, and

''(3) income interests in such entity are publicly traded as of October 22, 1986, on a national stock exchange.

''(c) ELECTION.—

''(1) IN GENERAL.—An election under this subsection to have the provisions of this section apply—

''(A) shall be made by the board of trustees of the entity before January 1, 1991, and

''(B) shall not be valid unless accompanied by an agreement described in paragraph (2).

''(2) AGREEMENT.—

''(A) IN GENERAL.—The agreement described in this paragraph is a written agreement signed by the board of trustees of the entity which provides that the entity will not acquire any additional property other than property described in subparagraph (B).

''(B) PERMISSIBLE ACQUISITIONS.—Property is described in this paragraph if it is—

''(i) surface rights to property the acquisition of which—

''(I) is necessary to mine mineral rights held on October 22, 1986, and

''(II) is required by a written binding agreement between the entity and an unrelated person entered into on or before October 22, 1986,

''(ii) surface rights to property which are not described in clause (i) and which—

''(I) are acquired in an exchange to which section 1031 [probably means section 1031 of this title] applies, and

''(II) are necessary to mine mineral rights held on October 22, 1986,

''(iii) tangible personal property incidental to the leasing of mineral property and activities incidental thereto, or

''(iv) part of any required reserves of the entity.

''(3) BEGINNING OF PERIOD FOR WHICH ELECTION IS IN EFFECT.—The period during which an election is in effect under this subsection shall begin on the 1st day of the 1st taxable year beginning after the date of the enactment of this Act [Oct. 22, 1986] and following the taxable year in which the election is made.

''(4) MANNER OF ELECTION.—Any election under this subsection shall be made in such manner as the Secretary of the Treasury or his delegate may prescribe.

''(d) SPECIAL RULES FOR TAXATION OF TRUST.—

''(1) ELECTION TREATED AS A LIQUIDATION.—If an election is made under subsection (c) with respect to any entity—

''(A) such entity shall be treated as having been liquidated into a trust immediately before the period described in subsection (c)(3) in a liquidation to which section 333 of the Internal Revenue Code of 1954 (as in effect before the amendments made by this Act) applies, and

''(B) for purposes of section 333 of such Code (as so in effect)—

''(i) any person holding an income interest in such entity as of such time shall be treated as a qualified electing shareholder, and