

ments made by this section is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act [Jan. 23, 2002] by the operation of any law or rule of law (including res judicata), such refund or credit may nevertheless be made or allowed if claim therefor is filed before the close of such period.”

Amendment by section 113(b) of Pub. L. 107-134 applicable to taxable years ending on or after Sept. 11, 2001, see section 113(c) of Pub. L. 107-134, set out as a note under section 104 of this title.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 applicable to taxable years beginning after Dec. 31, 1982, see section 1708(b) of Pub. L. 99-514, set out as a note under section 2 of this title.

EFFECTIVE DATE OF 1984 AMENDMENTS

Section 722(g)(5) of Pub. L. 98-369, as amended by Pub. L. 99-514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(A) IN GENERAL.—The amendments made by this subsection [amending this section and enacting and amending provisions set out below] shall take effect as if they were included in the amendments made by section 1 of Public Law 98-259 [amending this section and enacting provisions set out below].

“(B) STATUTE OF LIMITATIONS WAIVED.—Notwithstanding section 6511 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954], the time for filing a claim for credit or refund of any overpayment of tax resulting from the amendments made by this subsection shall not expire before the date 1 year after the date of the enactment of this Act [July 18, 1984].”

Section 1(b) of Pub. L. 98-259 as amended by Pub. L. 98-369, div. A, title VII, § 722(g)(1), July 18, 1984, 98 Stat. 974; Pub. L. 99-514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(1) IN GENERAL.—The amendment made by subsection (a) [amending this section] shall apply with respect to all taxable years (whether beginning before, on, or after the date of enactment of this Act [Apr. 10, 1984]) of individuals dying after November 17, 1978, as a result of wounds or injuries incurred after such date.

“(2) STATUTE OF LIMITATIONS WAIVED.—Notwithstanding section 6511 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954], the time for filing a claim for credit or refund of any overpayment of tax resulting from the amendment made by subsection (a) shall not expire before the date 1 year after the date of the enactment of this Act.”

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by Pub. L. 94-455 effective for taxable years beginning after Dec. 31, 1976, see section 1901(d) of Pub. L. 94-455, set out as a note under section 2 of this title.

EFFECTIVE DATE OF 1975 AMENDMENT

Section 4(b) of Pub. L. 93-597 provided that: “The amendments made by subsection (a) [amending this section] shall apply to taxable years ending on or after February 28, 1961.”

REFUNDS AND CREDITS OF OVERPAYMENTS FOR TAXABLE YEARS ENDING ON OR AFTER FEBRUARY 28, 1961, RESULTING FROM APPLICATION OF PROVISIONS

Section 4(c) of Pub. L. 93-597, as amended by Pub. L. 99-514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that: “If the refund or credit of any overpayment for any taxable year ending on or after February 28, 1961, resulting from the application of section 692 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] (as amended by subsection (a) of this section) is prevented at any time before the expiration of one year after the date of the enactment of this Act [Jan. 2, 1975] by the operation of any law or rule of law, but would not have been so prevented if claim for refund or credit therefor were made on the due date for the return for the taxable year of

his death (or any later year), refund or credit of such overpayment may, nevertheless, be made or allowed if claim therefor is filed before the expiration of such one-year period.”

TREATMENT OF DIRECTOR GENERAL OF MULTINATIONAL FORCE IN SINAI

Section 722(g)(4) of Pub. L. 98-369, as amended by Pub. L. 99-514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that: “For purposes of section 692(c) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954], the Director General of the Multinational Force and Observers in the Sinai who died on February 15, 1984, shall be treated as if he were a civilian employee of the United States while he served as such Director General.”

Subchapter K—Partners and Partnerships

Part

- I. Determination of tax liability.
- II. Contributions, distributions, and transfers.
- III. Definitions.
- IV. Special rules for electing large partnerships.

AMENDMENTS

1997—Pub. L. 105-34, title XII, § 1221(b), Aug. 5, 1997, 111 Stat. 1008, added item for part IV.

PART I—DETERMINATION OF TAX LIABILITY

Sec.

- 701. Partners, not partnership, subject to tax.
- 702. Income and credits of partner.
- 703. Partnership computations.
- 704. Partner's distributive share.
- 705. Determination of basis of partner's interest.
- 706. Taxable years of partner and partnership.
- 707. Transactions between partner and partnership.
- 708. Continuation of partnership.
- 709. Treatment of organization and syndication fees.

AMENDMENTS

1976—Pub. L. 94-455, title II, § 213(b)(2), title XIX, § 1901(b)(23), Oct. 4, 1976, 90 Stat. 1547, 1798, struck out part IV “Effective date for subchapter” in table of parts of subchapter K of chapter 1 and added item 709.

§ 701. Partners, not partnership, subject to tax

A partnership as such shall not be subject to the income tax imposed by this chapter. Persons carrying on business as partners shall be liable for income tax only in their separate or individual capacities.

(Aug. 16, 1954, ch. 736, 68A Stat. 239.)

§ 702. Income and credits of partner

(a) General rule

In determining his income tax, each partner shall take into account separately his distributive share of the partnership's—

- (1) gains and losses from sales or exchanges of capital assets held for not more than 1 year,
- (2) gains and losses from sales or exchanges of capital assets held for more than 1 year,
- (3) gains and losses from sales or exchanges of property described in section 1231 (relating to certain property used in a trade or business and involuntary conversions),
- (4) charitable contributions (as defined in section 170(c)),
- (5) dividends with respect to which section 1(h)(11) or part VIII of subchapter B applies,

(6) taxes, described in section 901, paid or accrued to foreign countries and to possessions of the United States,

(7) other items of income, gain, loss, deduction, or credit, to the extent provided by regulations prescribed by the Secretary, and

(8) taxable income or loss, exclusive of items requiring separate computation under other paragraphs of this subsection.

(b) Character of items constituting distributive share

The character of any item of income, gain, loss, deduction, or credit included in a partner's distributive share under paragraphs (1) through (7) of subsection (a) shall be determined as if such item were realized directly from the source from which realized by the partnership, or incurred in the same manner as incurred by the partnership.

(c) Gross income of a partner

In any case where it is necessary to determine the gross income of a partner for purposes of this title, such amount shall include his distributive share of the gross income of the partnership.

(d) Cross reference

For rules relating to procedures for determining the tax treatment of partnership items see subchapter C of chapter 63 (section 6221 and following).

(Aug. 16, 1954, ch. 736, 68A Stat. 239; Pub. L. 88-272, title II, §201(d)(7), Feb. 26, 1964, 78 Stat. 32; Pub. L. 94-455, title XIV, §1402(b)(1)(L), (2), title XIX, §§1901(b)(1)(I)(i), (ii), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1732, 1791, 1834; Pub. L. 96-223, title IV, §404(b)(5), Apr. 2, 1980, 94 Stat. 307; Pub. L. 97-34, title III, §301(b)(5), (6)(C), Aug. 13, 1981, 95 Stat. 270; Pub. L. 97-248, title IV, §402(c)(1), Sept. 3, 1982, 96 Stat. 667; Pub. L. 97-448, title I, §103(a)(4), Jan. 12, 1983, 96 Stat. 2375; Pub. L. 98-369, div. A, title X, §1001(b)(9), (e), July 18, 1984, 98 Stat. 1011, 1012; Pub. L. 99-514, title VI, §612(b)(5), Oct. 22, 1986, 100 Stat. 2250; Pub. L. 108-27, title III, §302(e)(8), May 28, 2003, 117 Stat. 764.)

AMENDMENT OF SECTION

For termination of amendment by section 303 of Pub. L. 108-27, see Effective and Termination Dates of 2003 Amendment note below.

AMENDMENTS

2003—Subsec. (a)(5). Pub. L. 108-27, §§302(e)(8), 303, temporarily amended par. (5) generally. Prior to amendment, par. (5) read as follows: “dividends with respect to which there is a deduction under part VIII of subchapter B.” See Effective and Termination Dates of 2003 Amendment note below.

1986—Subsec. (a)(5). Pub. L. 99-514 amended par. (5) generally. Prior to amendment, par. (5) read as follows: “dividends or interest with respect to which there is an exclusion under section 116 or 128, or a deduction under part VIII of subchapter B.”

1984—Subsec. (a)(1), (2). Pub. L. 98-369 substituted “6 months” for “1 year”, applicable to property acquired after June 22, 1984, and before Jan. 1, 1988. See Effective Date of 1984 Amendment note below.

1983—Subsec. (a)(5). Pub. L. 97-448 substituted “an exclusion under section 116 or 128,” for “provided an exclusion under section 116 or 128”.

1982—Subsec. (d). Pub. L. 97-248 added subsec. (d).

1981—Subsec. (a)(5). Pub. L. 97-34, §301(b)(6)(C), inserted reference to “interest” in heading and text

which continued the amendment made by Pub. L. 96-223.

Pub. L. 97-34, §301(b)(5), inserted “or 128” after “section 116”.

1980—Subsec. (a)(5). Pub. L. 96-223 inserted “or interest” after “dividends”.

1976—Subsec. (a)(1), (2). Pub. L. 94-455, §1402(b)(2), provided that “9 months” would be changed to “1 year”.

Pub. L. 94-455, §1402(b)(1)(L), provided that “6 months” would be changed to “9 months” for taxable years beginning in 1977.

Subsec. (a)(7) to (9). Pub. L. 94-455, §§1901(b)(1)(I)(i), 1906(b)(13)(A), redesignated pars. (8) and (9) as (7) and (8), respectively, and in par. (7), as so redesignated, struck out “or his delegate” after “Secretary”. Former par. (7), which related partially tax-exempt interest on obligations of the United States or its instrumentalities, was struck out.

Subsec. (b). Pub. L. 94-455, §1901(b)(1)(I)(ii), substituted “paragraphs (1) through (7)” for “paragraphs (1) through (8)”.

1964—Subsec. (a)(5). Pub. L. 88-272 struck out “a credit under section 34,” before “an exclusion”.

EFFECTIVE AND TERMINATION DATES OF 2003 AMENDMENT

Amendment by Pub. L. 108-27 applicable, except as otherwise provided, to taxable years beginning after Dec. 31, 2002, see section 302(f) of Pub. L. 108-27, set out as a note under section 1 of this title.

Amendment by Pub. L. 108-27 inapplicable to taxable years beginning after Dec. 31, 2010, and the Internal Revenue Code of 1986 to be applied and administered to such years as if such amendment had never been enacted, see section 303 of Pub. L. 108-27, as amended, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 applicable to taxable years beginning after Dec. 31, 1986, see section 612(c) of Pub. L. 99-514, set out as a note under section 301 of this title.

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98-369 applicable to property acquired after June 22, 1984, and before Jan. 1, 1988, see section 1001(e) of Pub. L. 98-369, set out as a note under section 166 of this title.

EFFECTIVE DATE OF 1983 AMENDMENT

Amendment by Pub. L. 97-448 effective, except as otherwise provided, as if it had been included in the provision of the Economic Recovery Tax Act of 1981, Pub. L. 97-34, to which such amendment relates, see section 109 of Pub. L. 97-448, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1982 AMENDMENT

Amendment by Pub. L. 97-248 applicable to partnership taxable years beginning after Sept. 3, 1982, with provision for the applicability of the amendment to any partnership taxable year ending after Sept. 3, 1982, if the partnership, each partner, and each indirect partner requests such application and the Secretary of the Treasury or his delegate consents to such application, see section 407(a)(1), (3) of Pub. L. 97-248, set out as an Effective Date note under section 6221 of this title.

EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by section 301(b)(5) of Pub. L. 97-34 applicable to taxable years ending after Sept. 30, 1981, and amendment by section 301(b)(6)(C) of Pub. L. 97-34 applicable to taxable years beginning after Dec. 31, 1981, see section 301(d) of Pub. L. 97-34, set out as a note under section 265 of this title.

EFFECTIVE AND TERMINATION DATES OF 1980 AMENDMENT

Amendment by Pub. L. 96-223 applicable with respect to taxable years beginning after Dec. 31, 1980, and be-

fore Jan. 1, 1982, see section 404(c) of Pub. L. 96-223, set out as a note under section 265 of this title.

EFFECTIVE DATE OF 1976 AMENDMENT

Section 1402(b)(1) of Pub. L. 94-455 provided that the amendment made by that section is effective with respect to taxable years beginning in 1977.

Section 1402(b)(2) of Pub. L. 94-455 provided that the amendment made by that section is effective with respect to taxable years beginning after Dec. 31, 1977.

Amendment by section 1901(b)(1)(I)(i), (ii) of Pub. L. 94-455 effective for taxable years beginning after Dec. 31, 1976, see section 1901(d) of Pub. L. 94-455, set out as a note under section 2 of this title.

EFFECTIVE DATE OF 1964 AMENDMENT

Amendment by Pub. L. 88-272 applicable with respect to dividends received after Dec. 31, 1964, in taxable years ending after such date, see section 201(e) of Pub. L. 88-272, set out as a note under section 22 of this title.

§ 703. Partnership computations

(a) Income and deductions

The taxable income of a partnership shall be computed in the same manner as in the case of an individual except that—

(1) the items described in section 702(a) shall be separately stated, and

(2) the following deductions shall not be allowed to the partnership:

(A) the deductions for personal exemptions provided in section 151,

(B) the deduction for taxes provided in section 164(a) with respect to taxes, described in section 901, paid or accrued to foreign countries and to possessions of the United States,

(C) the deduction for charitable contributions provided in section 170,

(D) the net operating loss deduction provided in section 172,

(E) the additional itemized deductions for individuals provided in part VII of subchapter B (sec. 211 and following), and

(F) the deduction for depletion under section 611 with respect to oil and gas wells.

(b) Elections of the partnership

Any election affecting the computation of taxable income derived from a partnership shall be made by the partnership, except that any election under—

(1) subsection (b)(5) or (c)(3) of section 108 (relating to income from discharge of indebtedness),

(2) section 617 (relating to deduction and recapture of certain mining exploration expenditures), or

(3) section 901 (relating to taxes of foreign countries and possessions of the United States),

shall be made by each partner separately.

(Aug. 16, 1954, ch. 736, 68A Stat. 240; Pub. L. 89-570, §2(b), Sept. 12, 1966, 80 Stat. 764; Pub. L. 91-172, title V, §504(c)(3), Dec. 30, 1969, 83 Stat. 633; Pub. L. 92-178, title III, §304(c), Dec. 10, 1971, 85 Stat. 523; Pub. L. 94-12, title V, §501(b)(3), Mar. 29, 1975, 89 Stat. 53; Pub. L. 94-455, title XIX, §1901(b)(21)(F), title XXI, §2115(c)(2), Oct. 4, 1976, 90 Stat. 1798, 1909; Pub. L. 95-30, title I, §101(d)(10), May 23, 1977, 91 Stat. 134; Pub. L. 96-589, §2(e)(1), Dec. 24, 1980, 94 Stat. 3396; Pub. L. 99-514, title V, §511(d)(2)(B), title VII,

§701(e)(4)(E), Oct. 22, 1986, 100 Stat. 2249, 2343; Pub. L. 100-647, title I, §1008(i), Nov. 10, 1988, 102 Stat. 3445; Pub. L. 103-66, title XIII, §13150(c)(9), Aug. 10, 1993, 107 Stat. 448.)

AMENDMENTS

1993—Subsec. (b)(1). Pub. L. 103-66 substituted “subsection (b)(5) or (c)(3)” for “subsection (b)(5)”.

1988—Subsec. (b)(1). Pub. L. 100-647 substituted “subsection (b)(5)” for “subsection (b)(5) or (d)(4)”.

1986—Subsec. (b). Pub. L. 99-514 struck out former pars. (1) and (3) which related to elections under sections 57(c) and 163(d), respectively, and redesignated former pars. (2), (4), and (5), as pars. (1), (2), and (3), respectively.

1980—Subsec. (b). Pub. L. 96-589 inserted reference to section 108(b)(5) and (d)(4).

1977—Subsec. (a)(2). Pub. L. 95-30 struck out subpar. (A) which made reference to the standard deduction provided in section 141, and redesignated subpars. (B) to (G) as (A) to (F), respectively.

1976—Subsec. (a)(2)(G). Pub. L. 94-455, §2115(c)(2), substituted “wells” for “production subject to the provisions of section 613A(c)”.

Subsec. (b). Pub. L. 94-455, §1901(b)(21)(F), struck out “under section 615 (relating to pre-1970 exploration expenditures),” after “of the United States, and any election”.

1975—Subsec. (a)(2)(G). Pub. L. 94-12 added subpar. (G).

1971—Subsec. (b). Pub. L. 92-178 substituted “,” for “or” after “(relating to pre-1970 exploration expenditures)” and inserted “under section 57(c) (relating to definition of net lease), or under section 163(d) (relating to limitation on interest on investment indebtedness)” after “(relating to deduction and recapture of certain mining exploration expenditures)”.

1969—Subsec. (b). Pub. L. 91-172 substituted “(relating to pre-1970 exploration expenditures) or under section 617 (relating to deduction and recapture of certain mining exploration expenditures)” for “(relating to exploration expenditures) or under section 617 (relating to additional exploration expenditures in the case of domestic mining)”.

1966—Subsec. (b). Pub. L. 89-570 provided for election under section 615 (relating to exploration expenditures) or under section 617 (relating to additional exploration expenditures in the case of domestic mining).

EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-66 applicable to discharges after Dec. 31, 1992, in taxable years ending after such date, see section 13150(d) of Pub. L. 103-66, set out as a note under section 108 of this title.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-647 effective, except as otherwise provided, as if included in the provision of the Tax Reform Act of 1986, Pub. L. 99-514, to which such amendment relates, see section 1019(a) of Pub. L. 100-647, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by section 511(d)(2)(B) of Pub. L. 99-514 applicable to taxable years beginning after Dec. 31, 1986, see section 511(e) of Pub. L. 99-514, set out as a note under section 163 of this title.

Amendment by section 701(e)(4)(E) of Pub. L. 99-514 applicable to taxable years beginning after Dec. 31, 1986, with certain exceptions and qualifications, see section 701(f) of Pub. L. 99-514, set out as an Effective Date note under section 55 of this title.

EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96-589 applicable to transactions which occur after Dec. 31, 1980, other than transactions which occur in a proceeding in a bankruptcy case or similar judicial proceeding or in a pro-