(3) Any amount to the extent that such amount is, under any other provision of the Code, treated as (i) a dividend, (ii) gain from the sale of an asset which is not a capital asset, or (iii) gain from the sale of an asset held for not more than 1 year (6 months for taxable years beginning before 1977; 9 months for taxable years beginning in 1977).

(f) Installment method. (1) Gain from a sale or exchange to which section 1248 applies may be reported under the installment method if such method is otherwise available under section 453 of the Code. In such case, the income (other than interest) on each installment payment shall be deemed to consist of gain which is included in gross income under section 1248 as a dividend until all such gain has been reported, and the remaining portion (if any) of such income shall be deemed to consist of gain to which section 1248 does not apply. For treatment of amounts as interest on certain deferred payments, see section 483.

(2) The application of this paragraph may be illustrated by the following example:

Example: Jones contracts to sell stock in a controlled foreign corporation for $5,000 to be paid in 10 equal payments of $500 each, plus a sufficient amount of interest so that section 483 does not apply. He properly elects under section 453 to report under the installment method gain of $1,000 which is includible in gross income under section 1248 as a dividend, and gain of $800 which is a long-term capital gain. Accordingly, $150 of each of the first 6 installment payments and $100 of the seventh installment payment are included in gross income under section 1248 as a dividend, and $50 of the seventh installment payment and $150 of each of the last 3 installment payments are long-term capital gain.

(g) Effective/applicability date. (1) The third sentence in paragraph (a)(1), paragraph (a)(4), and paragraph (a)(5), Example 4, of this section apply to income inclusions that occur on or after July 30, 2007. A taxpayer may elect to apply paragraph (a)(4) of this section to income inclusions in open taxable years provided that it consistently applies paragraph (a)(4) of this section for income inclusions in the first year for which the election is applicable and in all subsequent years.

(2) [Reserved] For further guidance, see §1.1248–1T(g)(2).

(h) [Reserved] For further guidance, see §1.1248–1T(h).