

and compensation paid or incurred after July 18, 1984, in taxable years of employers (and payors) ending after that date. See Q&A-3 of §1.404(b)-1T. For rules relating to the deduction of contributions attributable to the provision of deferred benefits, see section 404 (a), (b) and (d) and §1.404(a)-1T, §1.404(b)-1T and §1.404(d)-1T. For rules relating to the deduction of contributions paid or accrued with respect to a welfare benefit fund, see section 419, §1.419-1T and §1.419A-2T. For rules relating to the deduction of vacation pay for which an election is made under section 463, see §301.9100-16T of this chapter and §1.463-1T.

Q-2: How does the enactment of section 419 by the Tax Reform Act of 1984 affect the deduction of employee benefits under section 162?

A-2: As enacted by the Tax Reform Act of 1984, section 419 shall govern the deduction of contributions paid or accrued by an employer (or a person receiving services under section 419(g)) with respect to a “welfare benefit fund” (within the meaning of section 419(e)) after December 31, 1985, in taxable years of the employer (or person receiving the services) ending after that date. Section 419(a) requires that such a contribution be paid or accrued for purposes of section 162 or 212 and satisfy the requirements for deductibility under either of those sections. Generally, subject to a binding contract exception (as described in section 511(e)(5) of the Tax Reform Act of 1984), section 419 shall also govern the deduction of the contribution of a facility (or other contribution used to acquire or improve a facility) to a welfare benefit fund after June 22, 1984. See Q&A-11 of §1.419-1T. In the case of a welfare benefit fund maintained pursuant to a collective bargaining agreement, section 419 applies to the extent provided under the special effective date rule described in Q&A-2 of §1.419-1T and the special rules of §1.419A-2T. For rules relating to the deduction of contributions paid or accrued with respect to a welfare benefit fund, see section 419 and §1.419-1T.

[T.D. 8073, 51 FR 4319, Feb. 4, 1986, as amended by T.D. 8435, 57 FR 43896, Sept. 23, 1992]

§ 1.162-11 Rentals.

(a) *Acquisition of a leasehold.* If a leasehold is acquired for business purposes for a specified sum, the purchaser may take as a deduction in his return an aliquot part of such sum each year, based on the number of years the lease has to run. Taxes paid by a tenant to or for a landlord for business property are additional rent and constitute a deductible item to the tenant and taxable income to the landlord, the amount of the tax being deductible by the latter. For disallowance of deduction for income taxes paid by a lessee corporation pursuant to a lease arrangement with the lessor corporation, see section 110 and the regulations thereunder. See section 178 and the regulations thereunder for rules governing the effect to be given renewal options in amortizing the costs incurred after July 28, 1958 of acquiring a lease. See §1.197-2 for rules governing the amortization of costs to acquire limited interests in section 197 intangibles.

(b) [Reserved] For further guidance, see §1.162-11T(b).

(c) [Reserved] For further guidance, see §1.162-11T(c).

(d) [Reserved] For further guidance, see §1.162-11T(d).

[T.D. 6520, 25 FR 13692, Dec. 24, 1960, as amended by T.D. 8865, 65 FR 3825, Jan. 25, 2000; T.D. 9564, 76 FR 81084, Dec. 27, 2011]

§ 1.162-11T Rentals (temporary).

(a) [Reserved] For further guidance, see §1.162-11(a).

(b) *Improvements by lessee on lessor's property.* The cost to a taxpayer of erecting buildings or making permanent improvements on property of which the taxpayer is a lessee is a capital expenditure and is not deductible as a business expense. For the rules regarding improvements to leased property where the improvements are tangible property, see §1.263(a)-3T(f)(1). For the rules regarding depreciation or amortization deductions for leasehold improvements, see §1.167(a)-4T.

(c) *Effective/applicability date—(1) In general.* This section applies to taxable years beginning on or after January 1, 2014. Section 1.162-11 as contained in 26 CFR part 1 edition revised as of April 1,