

(4) such rules as may be necessary or appropriate to carry out the purposes of this section in the case of foreign tax shelters.

(Added Pub. L. 98-369, div. A, title I, §141(a), July 18, 1984, 98 Stat. 677; amended Pub. L. 99-514, title II, §201(d)(13), title XV, §1531(a), title XVIII, §1899A(54), Oct. 22, 1986, 100 Stat. 2142, 2749, 2961; Pub. L. 105-34, title X, §1028(a), Aug. 5, 1997, 111 Stat. 926.)

#### PRIOR PROVISIONS

A prior section 6111 was renumbered 6116 of this title.

#### AMENDMENTS

1997—Subsecs. (d) to (f). Pub. L. 105-34 added subsec. (d) and redesignated former subsecs. (d) and (e) as (e) and (f), respectively.

1986—Subsec. (c)(2)(A). Pub. L. 99-514, §1531(a), substituted “350 percent” for “200 percent”.

Subsec. (c)(3)(B)(ii). Pub. L. 99-514, §201(d)(13), substituted “section 465(b)(3)(C)” for “section 168(e)(4)”.

Subsec. (d)(1)(B). Pub. L. 99-514, §1899A(54), substituted “subparagraph” for “subparagraph”.

#### EFFECTIVE DATE OF 1997 AMENDMENT

Section 1028(e) of Pub. L. 105-34 provided that: “(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section [amending this section and sections 6662 and 6707 of this title] shall apply to any tax shelter (as defined in section 6111(d) of the Internal Revenue Code of 1986, as amended by this section) interests in which are offered to potential participants after the Secretary of the Treasury prescribes guidance with respect to meeting requirements added by such amendments.

“(2) MODIFICATIONS TO SUBSTANTIAL UNDERSTATEMENT PENALTY.—The amendments made by subsection (c) [amending section 6662 of this title] shall apply to items with respect to transactions entered into after the date of the enactment of this Act [Aug. 5, 1997].”

#### EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by section 201(d)(13) of Pub. L. 99-514 applicable to property placed in service after Dec. 31, 1986, in taxable years ending after such date, with exceptions, see sections 203 and 204 of Pub. L. 99-514, set out as a note under section 168 of this title.

Amendment by section 201(d)(13) of Pub. L. 99-514 not applicable to any property placed in service before Jan. 1, 1994, if such property placed in service as part of specified rehabilitations, and not applicable to certain additional rehabilitations, see section 251(d)(2), (3) of Pub. L. 99-514, set out as a note under section 46 of this title.

Section 1531(b) of Pub. L. 99-514 provided that: “The amendment made by this section [amending this section] shall apply to any tax shelter (within the meaning of section 6111 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] as amended by this section) interests in which are first offered for sale after December 31, 1986.”

#### EFFECTIVE DATE

Section 141(d) of Pub. L. 98-369, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(1) IN GENERAL.—The amendments made by this section [enacting this section and section 6707 of this title and renumbering former section 6111 as section 6112 of this title] shall apply to any tax shelter (within the meaning of section 6111 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954], as added by this section) any interest in which is first sold to any investor after August 31, 1984.

“(2) SUBSTANTIAL INVESTMENT TEST.—For purposes of determining whether any investment is a tax shelter by reason of section 6111(c)(1)(B)(iii) of such Code (as added by this section), only offers for sale after August 31, 1984, shall be taken into account.

“(3) FURNISHING OF SHELTER IDENTIFICATION NUMBER FOR INTERESTS SOLD BEFORE SEPTEMBER 1, 1984.—With respect to interests sold before September 1, 1984, any liability to act under paragraph (1) of section 6111(b) of such Code (as added by this section) which would (but for this sentence) arise before such date shall be deemed to arise on December 31, 1984.”

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 6112, 6707 of this title.

### § 6112. Organizers and sellers of potentially abusive tax shelters must keep lists of investors

#### (a) In general

Any person who—

(1) organizes any potentially abusive tax shelter, or

(2) sells any interest in such a shelter,

shall maintain (in such manner as the Secretary may by regulations prescribe) a list identifying each person who was sold an interest in such shelter and containing such other information as the Secretary may by regulations require.

#### (b) Potentially abusive tax shelter

For purposes of this section, the term “potentially abusive tax shelter” means—

(1) any tax shelter (as defined in section 6111) with respect to which registration is required under section 6111, and

(2) any entity, investment plan or arrangement, or other plan or arrangement which is of a type which the Secretary determines by regulations as having a potential for tax avoidance or evasion.

#### (c) Special rules

##### (1) Availability for inspection; retention of information on list

Any person who is required to maintain a list under subsection (a)—

(A) shall make such list available to the Secretary for inspection upon request by the Secretary, and

(B) except as otherwise provided under regulations prescribed by the Secretary, shall retain any information which is required to be included on such list for 7 years.

##### (2) Lists which would be required to be maintained by 2 or more persons

The Secretary shall prescribe regulations which provide that, in cases in which 2 or more persons are required under subsection (a) to maintain the same list (or portion thereof), only 1 person shall be required to maintain such list (or portion).

(Added Pub. L. 98-369, div. A, title I, §142(a), July 18, 1984, 98 Stat. 681.)

#### PRIOR PROVISIONS

A prior section 6112 was renumbered 6116 of this title.

#### EFFECTIVE DATE

Section 142(d) of Pub. L. 98-369 provided that: “The amendments made by this section [enacting this section and section 6708 of this title and renumbering former section 6112 as section 6113 of this title] shall apply to any interest which is first sold to any investor after August 31, 1984.”

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 6708 of this title.

**§ 6113. Disclosure of nondeductibility of contributions**

**(a) General rule**

Each fundraising solicitation by (or on behalf of) an organization to which this section applies shall contain an express statement (in a conspicuous and easily recognizable format) that contributions or gifts to such organization are not deductible as charitable contributions for Federal income tax purposes.

**(b) Organizations to which section applies**

**(1) In general**

Except as otherwise provided in this subsection, this section shall apply to any organization which is not described in section 170(c) and which—

(A) is described in subsection (c) (other than paragraph (1) thereof) or (d) of section 501 and exempt from taxation under section 501(a),

(B) is a political organization (as defined in section 527(e)), or

(C) was an organization described in subparagraph (A) or (B) at any time during the 5-year period ending on the date of the fundraising solicitation or is a successor to an organization so described at any time during such 5-year period.

**(2) Exception for small organizations**

**(A) Annual gross receipts do not exceed \$100,000**

This section shall not apply to any organization the gross receipts of which in each taxable year are normally not more than \$100,000.

**(B) Multiple organization rule**

The Secretary may treat any group of 2 or more organizations as 1 organization for purposes of subparagraph (A) where necessary or appropriate to prevent the avoidance of this section through the use of multiple organizations.

**(3) Special rule for certain fraternal organizations**

For purposes of paragraph (1), an organization described in section 170(c)(4) shall be treated as described in section 170(c) only with respect to solicitations for contributions or gifts which are to be used exclusively for purposes referred to in section 170(c)(4).

**(c) Fundraising solicitation**

For purposes of this section—

**(1) In general**

Except as provided in paragraph (2), the term “fundraising solicitation” means any solicitation of contributions or gifts which is made—

(A) in written or printed form,

(B) by television or radio, or

(C) by telephone.

**(2) Exception for certain letters or calls**

The term “fundraising solicitation” shall not include any letter or telephone call if such letter or call is not part of a coordinated fundraising campaign soliciting more than 10 persons during the calendar year.

(Added Pub. L. 100-203, title X, §10701(a), Dec. 22, 1987, 101 Stat. 1330-457.)

PRIOR PROVISIONS

A prior section 6113 was renumbered 6116 of this title.

EFFECTIVE DATE

Section 10701(d) of Pub. L. 100-203 provided that: “The amendments made by this section [enacting this section and section 6710 of this title and renumbering former section 6113 as section 6114 of this title] shall apply to solicitations after January 31, 1988.”

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 6710 of this title.

**§ 6114. Treaty-based return positions**

**(a) In general**

Each taxpayer who, with respect to any tax imposed by this title, takes the position that a treaty of the United States overrules (or otherwise modifies) an internal revenue law of the United States shall disclose (in such manner as the Secretary may prescribe) such position—

(1) on the return of tax for such tax (or any statement attached to such return), or

(2) if no return of tax is required to be filed, in such form as the Secretary may prescribe.

**(b) Waiver authority**

The Secretary may waive the requirements of subsection (a) with respect to classes of cases for which the Secretary determines that the waiver will not impede the assessment and collection of tax.

(Added Pub. L. 100-647, title I, §1012(aa)(5)(A), Nov. 10, 1988, 102 Stat. 3532; amended Pub. L. 101-508, title XI, §11702(c), Nov. 5, 1990, 104 Stat. 1388-514.)

PRIOR PROVISIONS

A prior section 6114 was renumbered 6116 of this title.

AMENDMENTS

1990—Subsec. (b). Pub. L. 101-508 struck out “by regulations” before “waive the requirements”.

EFFECTIVE DATE OF 1990 AMENDMENT

Amendment by Pub. L. 101-508 effective as if included in the provision of the Technical and Miscellaneous Revenue Act of 1988, Pub. L. 100-647, to which such amendment relates, see section 11702(j) of Pub. L. 101-508, set out as a note under section 59 of this title.

EFFECTIVE DATE

Section 1012(aa)(5)(D) of Pub. L. 100-647 provided that: “The amendments made by this paragraph [enacting this section and section 6712 of this title and renumbering former section 6114 as section 6115 of this title] shall apply to taxable periods the due date for filing returns for which (without extension) occurs after December 31, 1988.”

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 6712 of this title.

**§ 6115. Disclosure related to quid pro quo contributions**

**(a) Disclosure requirement**

If an organization described in section 170(c) (other than paragraph (1) thereof) receives a quid pro quo contribution in excess of \$75, the

organization shall, in connection with the solicitation or receipt of the contribution, provide a written statement which—

(1) informs the donor that the amount of the contribution that is deductible for Federal income tax purposes is limited to the excess of the amount of any money and the value of any property other than money contributed by the donor over the value of the goods or services provided by the organization, and

(2) provides the donor with a good faith estimate of the value of such goods or services.

**(b) Quid pro quo contribution**

For purposes of this section, the term “quid pro quo contribution” means a payment made partly as a contribution and partly in consideration for goods or services provided to the payor by the donee organization. A quid pro quo contribution does not include any payment made to an organization, organized exclusively for religious purposes, in return for which the taxpayer receives solely an intangible religious benefit that generally is not sold in a commercial transaction outside the donative context.

(Added Pub. L. 103-66, title XIII, §13173(a), Aug. 10, 1993, 107 Stat. 456.)

**PRIOR PROVISIONS**

A prior section 6115 was renumbered section 6116 of this title.

**EFFECTIVE DATE**

Section 13173(d) of Pub. L. 103-66 provided that: “The provisions of this section [enacting this section and section 6714 of this title and renumbering former section 6115 as 6116 of this title] shall apply to quid pro quo contributions made on or after January 1, 1994.”

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in section 6714 of this title.

**§ 6116. Cross reference**

**For inspection of records, returns, etc., concerning gasoline or lubricating oils, see section 4102.**

(Aug. 16, 1954, ch. 736, 68A Stat. 756, §6109; renumbered §6110, Pub. L. 87-397, §1(a), Oct. 5, 1961, 75 Stat. 828; renumbered §6111 and amended Pub. L. 94-455, title XII, §1201(a), title XIX, §1906(a)(8), Oct. 4, 1976, 90 Stat. 1660, 1824; renumbered §6112, renumbered §6113, Pub. L. 98-369, div. A, title I, §§141(a), 142(a), July 18, 1984, 98 Stat. 677, 681; renumbered §6114, Pub. L. 100-203, title X, §10701(a), Dec. 22, 1987, 101 Stat. 1330-457; renumbered §6115, Pub. L. 100-647, title I, §1012(aa)(5)(A), Nov. 10, 1988, 102 Stat. 3532; renumbered §6116, Pub. L. 103-66, title XIII, §13173(a), Aug. 10, 1993, 107 Stat. 456.)

**AMENDMENTS**

1976—Pub. L. 94-455, among other changes, substituted in section catchline “Cross reference” for “Cross references” and struck out in text reference to section 4876, relating to reports of Secretary of Agriculture concerning cotton futures, reference to section 4773, relating to inspection of returns, order forms, and prescriptions concerning narcotics and marihuana, and reference to section 4775 relating to authority of Secretary or his delegate to furnish list of special taxpayers.

**CHAPTER 62—TIME AND PLACE FOR PAYING TAX**

Subchapter	Sec. <sup>1</sup>
A. Place and due date for payment of tax	6151
B. Extensions of time for payment .....	6161

**Subchapter A—Place and Due Date for Payment of Tax**

Sec.	
6151.	Time and place for paying tax shown on returns.
[6152 to 6154. Repealed.]	
6155.	Payment on notice and demand.
6156.	Installment payments of tax on use of highway motor vehicles.
6157.	Payment of Federal unemployment tax on quarterly or other time period basis.
[6158. Repealed.]	
6159.	Agreements for payment of tax liability in installments.

**AMENDMENTS**

1990—Pub. L. 101-508, title XI, §11801(b)(13), Nov. 5, 1990, 104 Stat. 1388-522, struck out item 6158 “Installment payment of tax attributable to divestitures pursuant to Bank Holding Company Act Amendments of 1970”.

1988—Pub. L. 100-647, title VI, §6234(b)(2), Nov. 10, 1988, 102 Stat. 3736, added item 6159.

1987—Pub. L. 100-203, title X, §10301(b)(7), Dec. 22, 1987, 101 Stat. 1330-429, struck out item 6154 “Installment payments of estimated income tax by corporations”.

1986—Pub. L. 99-514, title XIV, §1404(c)(4), Oct. 22, 1986, 100 Stat. 2714, struck out item 6152 “Installment payments”.

1984—Pub. L. 98-369, div. A, title IV, §412(c)(3), July 18, 1984, 98 Stat. 793, struck out item 6153 “Installment payments of estimated income tax by individuals”.

1982—Pub. L. 97-248, title II, §280(c)(2)(F), Sept. 3, 1982, 96 Stat. 564, struck out “and civil aircraft” after “motor vehicles” in item 6156.

1976—Pub. L. 94-452, §3(c)(1), Oct. 2, 1976, 90 Stat. 1514, added item 6158.

1970—Pub. L. 91-258, title II, §206(d)(3), May 21, 1970, 84 Stat. 246, inserted “and civil aircraft” in item 6156.

1969—Pub. L. 91-53, §2(f)(1), Aug. 7, 1969, 83 Stat. 93, substituted “Payment of Federal unemployment tax on quarterly or other time period basis” for “Payment of taxes under provisions of the Tariff Act” in item 6157.

1961—Pub. L. 87-61, title II, §203(c)(3), June 29, 1961, 75 Stat. 126, added item 6156 and redesignated former item 6156 as 6157.

**CHAPTER REFERRED TO IN OTHER SECTIONS**

This chapter is referred to in section 6601 of this title.

**§ 6151. Time and place for paying tax shown on returns**

**(a) General rule**

Except as otherwise provided in this subchapter, when a return of tax is required under this title or regulations, the person required to make such return shall, without assessment or notice and demand from the Secretary, pay such tax to the internal revenue officer with whom the return is filed, and shall pay such tax at the time and place fixed for filing the return (determined without regard to any extension of time for filing the return).

**(b) Exceptions**

**(1) Income tax not computed by taxpayer**

If the taxpayer elects under section 6014 not to show the tax on the return, the amount de-

<sup>1</sup> Section numbers editorially supplied.

terminated by the Secretary as payable shall be paid within 30 days after the mailing by the Secretary to the taxpayer of a notice stating such amount and making demand therefor.

**(2) Use of government depositaries**

For authority of the Secretary to require payments to Government depositaries, see section 6302(c).

**(c) Date fixed for payment of tax**

In any case in which a tax is required to be paid on or before a certain date, or within a certain period, any reference in this title to the date fixed for payment of such tax shall be deemed a reference to the last day fixed for such payment (determined without regard to any extension of time for paying the tax.)

(Aug. 16, 1954, ch. 736, 68A Stat. 757; Pub. L. 89-713, §1(b), Nov. 2, 1966, 80 Stat. 1108; Pub. L. 94-452, §3(c)(2), Oct. 2, 1976, 90 Stat. 1514; Pub. L. 94-455, title XIX, §1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834.)

AMENDMENTS

1976—Pub. L. 94-455 struck out “or his delegate” after “Secretary” wherever appearing.

Subsec. (a). Pub. L. 94-452 substituted “subchapter,” for “section.”

1966—Subsec. (a). Pub. L. 89-713 substituted the revenue officer with whom the return is filed for the principal internal revenue officer for the internal revenue district in which the return is required to be filed as the description of the person to whom the tax is paid.

EFFECTIVE DATE OF 1976 AMENDMENT

Section 3(e) of Pub. L. 94-452, as amended by Pub. L. 89-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(1) IN GENERAL.—The amendments made by this section [enacting section 6158 of this title and amending this section and sections 6503 and 6601 of this title] shall take effect on October 1, 1977, with respect to sales after July 7, 1970, in taxable years ending after July 7, 1970, but only in the case of qualified bank holding corporations (within the meaning of section 1103(b) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954], as amended by section 2(a) of this Act).

“(2) SPECIAL RULE FOR CERTIFYING SALES WHICH HAVE ALREADY TAKEN PLACE.—For purposes of section 6158(a) of the Internal Revenue Code of 1986 (as added by subsection (a) of this section) in the case of any sale which takes place on or before the 90th day after the date of the enactment of this Act [Oct. 2, 1976], a certification by the Federal Reserve Board described in section 6158(a) shall be treated as made before the sale if application for such certification is made before the close of the 90th day after the date of the enactment of this Act [Oct. 2, 1976].

“(3) REFUND OF TAX.—

“(A) IN GENERAL.—If any tax attributable to a sale which occurred before October 1, 1977, is payable in annual installments by reason of an election under section 6158(a) of the Internal Revenue Code of 1986, any portion of such tax for which the due date of the installment does not occur before October 1, 1977, shall, on application of the taxpayer, be treated as an overpayment of tax.

“(B) INTEREST ON OVERPAYMENTS.—For purposes of section 6611(b) in the case of any overpayment attributable to subparagraph (A), the date of the overpayment shall be the day which is 6 months after the latest of the following:

“(i) the date on which application for refund or credit of such overpayment is filed,

“(ii) the due date prescribed by law (determined without extensions) for filing the return of tax under chapter 1 of the Internal Revenue Code of

1986 for the taxable year the tax of which is being refunded or credited, or

“(iii) the date of the enactment of this Act [Oct. 2, 1976].

“(C) EXTENSION OF PERIOD OF LIMITATIONS.—If any refund or credit of tax attributable to the application of subparagraph (A) is prevented at any time before October 1, 1978, by the operation of any law or rule of law, refund or credit of such overpayment may, nevertheless, be made or allowed if claim therefor is filed before October 1, 1978.”

EFFECTIVE DATE OF 1966 AMENDMENT

Amendment by Pub. L. 89-713 effective Nov. 2, 1966, see section 6 of Pub. L. 89-713, set out as a note under section 6091 of this title.

CROSS REFERENCES

Assessment of taxes shown on return, see section 6201 of this title.

Extension of time—

Filing returns, see section 6081 of this title.

Paying tax, see section 6161 et seq. of this title.

Internal revenue districts, see section 7621 of this title.

Notice and demand for tax, see section 6303 of this title.

Payment on notice and demand, see section 6155 of this title.

Place for filing returns or other documents generally, see section 6091 of this title.

Time for filing returns—

Estate and gift tax, see section 6075 of this title.

Income tax, see section 6072 of this title.

Time return deemed filed and tax considered paid, see section 6513 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 6161, 6166, 6324A of this title.

**[§ 6152. Repealed. Pub. L. 99-514, title XIV, § 1404(c)(1), Oct. 22, 1986, 100 Stat. 2714]**

Section, acts Aug. 16, 1954, ch. 736, 68A Stat. 757; Sept. 1, 1954, ch. 1212, §3, 68 Stat. 1130; Oct. 4, 1976, Pub. L. 94-455, title XIX, §1906(a)(9), (b)(13)(A), 90 Stat. 1824, 1834; Sept. 3, 1982, Pub. L. 97-248, title II, §234(b)(1), 96 Stat. 503, related to installment payments of taxes.

EFFECTIVE DATE OF REPEAL

Repeal applicable to taxable years beginning after Dec. 31, 1986, see section 1404(d) of Pub. L. 99-514, set out as an Effective Date of 1986 Amendment note under section 643 of this title.

**[§ 6153. Repealed. Pub. L. 98-369, div. A, title IV, § 412(a)(3), July 18, 1984, 98 Stat. 792]**

Section, acts Aug. 16, 1954, ch. 736, 68A Stat. 758; Sept. 25, 1962, Pub. L. 87-682, §1(a)(3), (c), 76 Stat. 575; Dec. 23, 1975, Pub. L. 94-164, §5(b), 89 Stat. 975; June 30, 1976, Pub. L. 94-331, §3(b), 90 Stat. 782; Sept. 3, 1976, Pub. L. 94-396, §2(a)(2), 90 Stat. 1201; Sept. 17, 1976, Pub. L. 94-414, §3(b), 90 Stat. 1273; Oct. 4, 1976, Pub. L. 94-455, title XIX, §1906(b)(13)(A), 90 Stat. 1834; Aug. 13, 1981, Pub. L. 97-34, title VII, §725(c)(3), 95 Stat. 346; Sept. 3, 1982, Pub. L. 97-248, title III, §328(b)(3), 96 Stat. 618, related to installment payments of estimated income tax by individuals.

EFFECTIVE DATE OF REPEAL

Repeal applicable with respect to taxable years beginning after Dec. 31, 1984, see section 414(a)(1) of Pub. L. 98-369, set out as an Effective Date of 1984 Amendment note under section 6654 of this title.

**[§ 6154. Repealed. Pub. L. 100-203, title X, § 10301(b)(1), Dec. 22, 1987, 101 Stat. 1330-429]**

Section, acts Aug. 16, 1954, ch. 736, 68A Stat. 760; Feb. 26, 1964, Pub. L. 88-272, title I, §122(a), 78 Stat. 25; Mar.

15, 1966, Pub. L. 89-368, title I, §104(a), 80 Stat. 64; June 28, 1968, Pub. L. 90-364, title I, §103(b), 82 Stat. 260; Dec. 23, 1975, Pub. L. 94-164, §5(c), 89 Stat. 975; June 30, 1976, Pub. L. 94-331, §3(c), 90 Stat. 782; Sept. 3, 1976, Pub. L. 94-396, §2(a)(3), 90 Stat. 1201; Sept. 17, 1976, Pub. L. 94-414, §3(c), 90 Stat. 1273; Oct. 4, 1976, Pub. L. 94-455, title IX, §901(c)(3), title XIX, §1906(a)(10), (b)(13)(A), 90 Stat. 1607, 1825, 1834; Nov. 6, 1978, Pub. L. 95-600, title III, §301(b)(20)(A), 92 Stat. 2823; Jan. 12, 1983, Pub. L. 97-448, title II, §201(j)(2), 96 Stat. 2396; Oct. 17, 1986, Pub. L. 99-499, title V, §516(b)(4)(A), 100 Stat. 1771; Oct. 22, 1986, Pub. L. 99-514, title VII, §701(d)(1), title XV, §1542(a), 100 Stat. 2341, 2751; Nov. 10, 1988, Pub. L. 100-647, title I, §§1007(g)(10), 1015(h), 102 Stat. 3435, 3571, related to installment payments of estimated income tax by corporations.

EFFECTIVE DATE OF REPEAL

Repeal applicable to taxable years beginning after Dec. 31, 1987, see section 10301(c) of Pub. L. 100-203, set out as an Effective Date of 1987 Amendment note under section 585 of this title.

§ 6155. Payment on notice and demand

(a) General rule

Upon receipt of notice and demand from the Secretary, there shall be paid at the place and time stated in such notice the amount of any tax (including any interest, additional amounts, additions to tax, and assessable penalties) stated in such notice and demand.

(b) Cross references

(1) For restrictions on assessment and collection of deficiency assessments of taxes subject to the jurisdiction of the Tax Court, see sections 6212 and 6213.

(2) For provisions relating to assessment of claims allowed in a receivership proceeding, see section 6873.

(3) For provisions relating to jeopardy assessments, see subchapter A of chapter 70.

(Aug. 16, 1954, ch. 736, 68A Stat. 760; Pub. L. 94-455, title XIX, §1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834; Pub. L. 96-589, §6(i)(7), Dec. 24, 1980, 94 Stat. 3410.)

AMENDMENTS

1980—Subsec. (b)(2). Pub. L. 96-589 struck out reference to a bankruptcy proceeding.

1976—Pub. L. 94-455 struck out “or his delegate” after “Secretary”.

EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96-589 effective Oct. 1, 1979, but not applicable to proceedings under Title 11, Bankruptcy, commenced before Oct. 1, 1979, see section 7(e) of Pub. L. 96-589, set out as a note under section 108 of this title.

CROSS REFERENCES

Additions to tax and additional amounts generally, see section 6651 et seq. of this title.

Interest on underpayment or nonpayment of tax, see section 6601 of this title.

Lien for taxes, see section 6321 of this title.

Notice and demand for tax, see section 6303 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 7522 of this title.

§ 6156. Installment payments of tax on use of highway motor vehicles

(a) Privilege to pay tax in installments

If the taxpayer files a return of the tax imposed by section 4481 on or before the date pre-

scribed for the filing of such return, he may elect to pay the tax shown on such return in equal installments in accordance with the following table:

If liability is incurred in—	The number of installments shall be—
July, August, or September .....	4
October, November, or December .....	3
January, February, or March .....	2

(b) Dates for paying installments

In the case of any tax payable in installments by reason of an election under subsection (a)—

(1) the first installment shall be paid on the date prescribed for payment of the tax,

(2) the second installment shall be paid on or before the last day of the third month following the calendar quarter in which the liability was incurred,

(3) the third installment (if any) shall be paid on or before the last day of the sixth month following the calendar quarter in which the liability was incurred, and

(4) the fourth installment (if any) shall be paid on or before the last day of the ninth month following the calendar quarter in which the liability was incurred.

(c) Proration of additional tax to installments

If an election has been made under subsection (a) in respect of tax reported on a return filed by the taxpayer and tax required to be shown but not shown on such return is assessed before the date prescribed for payment of the last installment, the additional tax shall be prorated equally to the installments for which the election was made. That part of the additional tax so prorated to any installment the date for payment of which has not arrived shall be collected at the same time as and as part of such installment. That part of the additional tax so prorated to any installment the date for payment of which has arrived shall be paid upon notice and demand from the Secretary.

(d) Acceleration of payments

If the taxpayer does not pay any installment under this section on or before the date prescribed for its payment, the whole of the unpaid tax shall be paid upon notice and demand from the Secretary.

(e) Section inapplicable to certain liabilities

This section shall not apply to any liability for tax incurred in—

- (1) April, May, or June of any year, or
- (2) July, August, or September of 2005.<sup>1</sup>

(Added Pub. L. 87-61, title II, §203(c)(1), June 29, 1961, 75 Stat. 125; amended Pub. L. 91-258, title II, §206(b), (d)(2), May 21, 1970, 84 Stat. 245, 246; Pub. L. 91-605, title III, §303(a)(10), Dec. 31, 1970, 84 Stat. 1744; Pub. L. 94-280, title III, §303(a)(10), May 5, 1976, 90 Stat. 456; Pub. L. 94-455, title XIX, §1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834; Pub. L. 95-599, title V, §502(a)(9), Nov. 6, 1978, 92 Stat. 2756; Pub. L. 97-248, title II, §280(c)(2)(C)-(E), Sept. 3, 1982, 96 Stat. 564; Pub. L. 97-424, title V, §516(a)(6), Jan. 6, 1983, 96 Stat. 2183; Pub. L. 100-17, title V, §502(d)(2), Apr. 2,

<sup>1</sup> So in original.

1987, 101 Stat. 257; Pub. L. 101-508, title XI, § 11211(f)(2), Nov. 5, 1990, 104 Stat. 1388-427; Pub. L. 102-240, title VIII, § 8002(c)(2), Dec. 18, 1991, 105 Stat. 2203; Pub. L. 105-178, title IX, § 9002(a)(2)(B), June 9, 1998, 112 Stat. 500.)

#### PRIOR PROVISIONS

A prior section 6156 was renumbered section 6157 of this title and later repealed by Pub. L. 91-53, § 2(a), Aug. 7, 1969, 83 Stat. 91.

#### AMENDMENTS

1998—Subsec. (e)(2). Pub. L. 105-178 substituted “2005” for “1999”.

1991—Subsec. (e)(2). Pub. L. 102-240 substituted “1999” for “1995”.

1990—Subsec. (e)(2). Pub. L. 101-508 substituted “1995” for “1993”.

1987—Subsec. (e)(2). Pub. L. 100-17 substituted “1993” for “1988”.

1983—Subsec. (e)(2). Pub. L. 97-424 substituted “1988” for “1984”.

1982—Pub. L. 97-248, § 280(c)(2)(E), struck out “and civil aircraft” after “motor vehicles” in section catchline.

Subsec. (a). Pub. L. 97-248, § 280(c)(2)(C), struck out “or 4491” after “section 4481”.

Subsec. (e)(2). Pub. L. 97-248, § 280(c)(2)(D), struck out “in the case of the tax imposed by section 4481” at end.

1978—Subsec. (e)(2). Pub. L. 95-599 substituted “1984” for “1979”.

1976—Subsecs. (c), (d). Pub. L. 94-455 struck out “or his delegate” after “Secretary”.

Subsec. (e)(2). Pub. L. 94-280 substituted “1979” for “1977”.

1970—Pub. L. 91-258, § 206(d)(2), inserted “civil aircraft” in section catchline.

Subsec. (a). Pub. L. 91-258, § 206(b)(1), inserted reference to section 4491.

Subsec. (e)(2). Pub. L. 91-605 substituted “1977” for “1972”.

Pub. L. 91-258, § 206(b)(2), inserted “, in the case of the tax imposed by section 4481”.

#### EFFECTIVE DATE OF 1982 AMENDMENT

Amendment by Pub. L. 97-248 applicable with respect to transportation beginning after Aug. 31, 1982, but inapplicable to amounts paid on or before such date, see section 280(d) of Pub. L. 97-248, set out as a note under section 4261 of this title.

#### EFFECTIVE DATE OF 1970 AMENDMENT

Amendment by Pub. L. 91-258 effective July 1, 1970, see section 211(a) of Pub. L. 91-258, set out as a note under section 4041 of this title.

#### EFFECTIVE DATE

Section effective July 1, 1961, see section 208 of Pub. L. 87-61, set out as an Effective Date of 1961 Amendment note under section 4041 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 4481, 6601 of this title.

### § 6157. Payment of Federal unemployment tax on quarterly or other time period basis

#### (a) General rule

Every person who for the calendar year is an employer (as defined in section 3306(a)) shall—

(1) if the person is such an employer for the preceding calendar year (determined by only taking into account wages paid and employment during such preceding calendar year), compute the tax imposed by section 3301 for each of the first 3 calendar quarters in the cal-

endar year on wages paid for services which respect to which the person is such an employer for such preceding calendar year (as so determined), and

(2) if the person is not such an employer for the preceding calendar year with respect to any services (as so determined), compute the tax imposed by section 3301 on wages paid for services with respect to which the person is not such an employer for the preceding calendar year (as so determined)—

(A) for the period beginning with the first day of the calendar year and ending with the last day of the calendar quarter (excluding the last calendar quarter) in which such person becomes such an employer with respect to such services, and

(B) for the third calendar quarter of such year, if the period specified in subparagraph (A) includes only the first two calendar quarters of the calendar year.

The tax for any calendar quarter or other period shall be computed as provided in subsection (b) and the tax as so computed shall, except as otherwise provided in subsection (c), be paid in such manner and at such time as may be provided in regulations prescribed by the Secretary.

#### (b) Computation of tax

The tax for any calendar quarter or other period referred to in paragraph (1) or (2) of subsection (a) shall be computed by multiplying the amount of wages (as defined in section 3306(b)) paid in such calendar quarter or other period by 0.6 percent. In the case of wages paid in any calendar quarter or other period during a calendar year to which paragraph (1) of section 3301 applies, the amount of such wages shall be multiplied by 0.8 percent in lieu of 0.6 percent.

#### (c) Special rule where accumulated amount does not exceed \$100

Nothing in this section shall require the payment of tax with respect to any calendar quarter or other period if the tax under section 3301 for such period, plus any unpaid amounts for prior periods in the calendar year, does not exceed \$100.

(Added Pub. L. 91-53, § 2(a), Aug. 7, 1969, 83 Stat. 91; amended Pub. L. 91-373, title I, § 101(b)(1), (2), Aug. 10, 1970, 84 Stat. 696; Pub. L. 92-329, § 2(b), June 30, 1972, 86 Stat. 398; Pub. L. 94-455, title XIX, § 1906(a)(11), (b)(13)(A), Oct. 4, 1976, 90 Stat. 1825, 1834; Pub. L. 94-566, title I, § 114(b), title II, § 211(e)(3) [(c)(3)], Oct. 20, 1976, 90 Stat. 2669, 2677; Pub. L. 97-248, title II, § 271(b)(2)(C), (c)(3)(C), Sept. 3, 1982, 96 Stat. 555; Pub. L. 98-76, title II, § 231(b)(1), Aug. 12, 1983, 97 Stat. 428; Pub. L. 100-647, title VII, § 7106(c)(1), Nov. 10, 1988, 102 Stat. 3773; Pub. L. 101-239, title VII, § 7841(d)(12), Dec. 19, 1989, 103 Stat. 2428.)

#### PRIOR PROVISIONS

A prior section 6157, act Aug. 16, 1954, ch. 736, 68A Stat. 761, § 6156; renumbered § 6157, June 29, 1961, Pub. L. 87-61, title II, § 203(c)(1), 75 Stat. 125, made a cross reference provision for payment of taxes under provisions of the Tariff Act, prior to repeal by Pub. L. 91-53, § 2(a), Aug. 7, 1969, 83 Stat. 91.

## AMENDMENTS

1989—Subsec. (a). Pub. L. 101-239 substituted “subsection (c)” for “subsections (c) and (d)” in last sentence.

1988—Subsec. (d). Pub. L. 100-647 struck out subsec. (d) which related to quarterly payment of railroad unemployment repayment tax.

1983—Subsec. (d). Pub. L. 98-76 added subsec. (d).

1982—Subsec. (b). Pub. L. 97-248, §271(c)(3)(C), substituted “0.6” for “0.5” in two places.

Pub. L. 97-248, §271(b)(2)(C), substituted “0.8” for “0.7”.

1976—Subsec. (a). Pub. L. 94-566, §114(b), amended subsec. (a) generally, changing the general rule covering payment of Federal unemployment tax on a quarterly or other time period basis to conform to the altered definitions of employment and wages pertaining to domestic and agricultural service in section 3306 of this title.

Pub. L. 94-455, §1906(a)(11)(B), (b)(13)(A), substituted “subsection (c)” for “subsections (c) and (d)” and struck out “or his delegate” after “Secretary”.

Subsec. (b). Pub. L. 94-566, §211(e)(3) [(c)(3)], substituted “In the case of wages paid in any calendar quarter or other period during a calendar year to which paragraph (1) of section 3301 applies, the amount of such wages shall be multiplied by 0.7 percent in lieu of 0.5 percent” for “In the case of wages paid in any calendar quarter or other period during 1973, the amount of such wages shall be multiplied by 0.58 percent in lieu of 0.5 percent”.

Subsecs. (c), (d). Pub. L. 94-455, §1906(a)(11)(A), redesignated subsec. (d) as (c). Former subsec. (c), which related to the percentage reduction for 1970 and 1971 of the tax computed in subsec. (b), was struck out.

1972—Subsec. (b). Pub. L. 92-329 inserted provisions setting forth the computation of tax in the case of wages paid in any calendar quarter or other period during 1973.

1970—Subsec. (a)(1). Pub. L. 91-373, §101(b)(1), reduced from 4 to 1 the number of individuals which a person had to employ on each of some 20 days during the preceding calendar year and inserted provision covering persons who, during any calendar quarter in the preceding calendar year, paid wages of \$1,500 or more.

Subsec. (b). Pub. L. 91-373, §101(b)(2), substituted “0.5 percent” for “the number of percentage points (including fractional points) by which the rate of tax specified in section 3301 exceeds .7 percent”. be the date on which payment would have been required if such remainder had been the tax.

## EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-647 applicable to remuneration paid after Dec. 31, 1988, see section 7106(d) of Pub. L. 100-647, set out as a note under section 3321 of this title.

## EFFECTIVE DATE OF 1983 AMENDMENT

Amendment by Pub. L. 98-76 applicable to remuneration paid after June 30, 1986, see section 231(d) of Pub. L. 98-76, set out as an Effective Date note under section 3321 of this title.

## EFFECTIVE DATE OF 1982 AMENDMENT

Amendment by section 271(b)(2)(C) of Pub. L. 97-248 applicable to remuneration paid after Dec. 31, 1982, see section 271(d)(1) of Pub. L. 97-248, as amended, set out as a note under section 3301 of this title.

Amendment by section 271(c)(3)(C) of Pub. L. 97-248 applicable to remuneration paid after Dec. 31, 1984, see section 271(d)(2) of Pub. L. 97-248, as amended, set out as a note under section 3301 of this title.

## EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by section 114(b) of Pub. L. 94-566 effective with respect to remuneration paid after Dec. 31, 1977, for services performed after that date, see section

114(c) of Pub. L. 94-566 set out as a note under section 3306 of this title.

Amendment by section 211(e)(3) of Pub. L. 94-566 effective Oct. 20, 1976, see section 211(d)(3) of Pub. L. 94-566, set out as a note under section 1101 of Title 42, The Public Health and Welfare.

## EFFECTIVE DATE OF 1970 AMENDMENT

Amendment by section 101(b)(1) of Pub. L. 91-373 applicable with respect to calendar years beginning after Dec. 31, 1971, see section 101(c)(1) of Pub. L. 91-373, set out as a note under section 3306 of this title.

Section 101(c)(2) of Pub. L. 91-373 provided that: “The amendment made by subsection (b)(2) [amending this section] shall apply with respect to calendar years beginning after December 31, 1969.”

## EFFECTIVE DATE

Section 4(a) of Pub. L. 91-53 provided that: “The amendments made by the first two sections of this Act [enacting section 6317 and amending this section and sections 3306, 6201, 6513, and 6601 of this title] shall apply with respect to calendar years beginning after December 31, 1969.”

## EXTENSION OF TIME FOR PAYMENT OF ADDITIONAL FUTA TAXES

Pub. L. 102-244, §4, Feb. 7, 1992, 106 Stat. 4, provided that:

“(a) IN GENERAL.—Notwithstanding any other provision of law, if a qualified taxpayer is required to pay additional taxes for taxable years beginning in 1991 with respect to any employment in any State by reason of such State being declared a credit reduction State, such taxpayer may elect to defer the filing and payment of such additional taxes to a date no later than June 30, 1992.

“(b) INTEREST.—Notwithstanding subsection (a), for purposes of section 6601(a) of the Internal Revenue Code of 1986, the last date prescribed for payment of any additional taxes for which an election is made under subsection (a) shall be January 31, 1992.

“(c) DEFINITIONS.—For purposes of this section—

“(1) QUALIFIED TAXPAYER.—The term ‘qualified taxpayer’ means a taxpayer—

“(A) in a State which has been declared a credit reduction State for taxable years beginning in 1991, and

“(B) who did not receive notice of such credit reduction before December 1, 1991 from either the State unemployment compensation agency or the Internal Revenue Service.

“(2) CREDIT REDUCTION STATE.—The term ‘credit reduction State’ means a State with respect to which the Internal Revenue Service has determined that a reduction in credits is applicable for taxable years beginning in 1991 pursuant to the provisions of section 3302 of the Internal Revenue Code of 1986.

“(d) TIME AND MANNER FOR MAKING ELECTION.—An election under this section shall be made at such time and in such manner as the Secretary of the Treasury shall prescribe.”

## WAGES PAID IN 1970 CALENDAR QUARTERS ENDING BEFORE AUGUST 10, 1970

Section 301(b) of Pub. L. 91-373, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that: “For purposes of section 6157 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] (relating to payment of Federal unemployment tax on quarterly or other time period basis), in computing tax as required by subsections (a)(1) and (2) of such section, the percentage contained in subsection (b) of such section applicable with respect to wages paid in any calendar quarter in 1970 ending before the date of the enactment of this Act [Aug. 10, 1970] shall be treated as being 0.4 percent.”

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 3510, 6201, 6317, 6513, 6601 of this title.

**[§ 6158. Repealed. Pub. L. 101-508, title XI, § 11801(a)(44), Nov. 5, 1990, 104 Stat. 1388-521]**

Section, added Pub. L. 94-452, §3(a), Oct. 2, 1976, 90 Stat. 1512; amended Pub. L. 94-455, title XIX, §1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834, related to installment payment of tax attributable to divestitures pursuant to Bank Holding Company Act Amendments of 1970.

SAVINGS PROVISION

For provisions that nothing in repeal 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 29 of this title.

**§ 6159. Agreements for payment of tax liability in installments**

**(a) Authorization of agreements**

The Secretary is authorized to enter into written agreements with any taxpayer under which such taxpayer is allowed to satisfy liability for payment of any tax in installment payments if the Secretary determines that such agreement will facilitate collection of such liability.

**(b) Extent to which agreements remain in effect**

**(1) In general**

Except as otherwise provided in this subsection, any agreement entered into by the Secretary under subsection (a) shall remain in effect for the term of the agreement.

**(2) Inadequate information or jeopardy**

The Secretary may terminate any agreement entered into by the Secretary under subsection (a) if—

(A) information which the taxpayer provided to the Secretary prior to the date such agreement was entered into was inaccurate or incomplete, or

(B) the Secretary believes that collection of any tax to which an agreement under this section relates is in jeopardy.

**(3) Subsequent change in financial conditions**

If the Secretary makes a determination that the financial condition of a taxpayer with whom the Secretary has entered into an agreement under subsection (a) has significantly changed, the Secretary may alter, modify, or terminate such agreement.

**(4) Failure to pay an installment or any other tax liability when due or to provide requested financial information**

The Secretary may alter, modify, or terminate an agreement entered into by the Secretary under subsection (a) in the case of the failure of the taxpayer—

(A) to pay any installment at the time such installment payment is due under such agreement,

(B) to pay any other tax liability at the time such liability is due, or

(C) to provide a financial condition update as requested by the Secretary.

**(5) Notice requirements**

The Secretary may not take any action under paragraph (2), (3), or (4) unless—

(A) a notice of such action is provided to the taxpayer not later than the day 30 days before the date of such action, and

(B) such notice includes an explanation why the Secretary intends to take such action.

The preceding sentence shall not apply in any case in which the Secretary believes that collection of any tax to which an agreement under this section relates is in jeopardy.

**(c) Secretary required to enter into installment agreements in certain cases**

In the case of a liability for tax of an individual under subtitle A, the Secretary shall enter into an agreement to accept the payment of such tax in installments if, as of the date the individual offers to enter into the agreement—

(1) the aggregate amount of such liability (determined without regard to interest, penalties, additions to the tax, and additional amounts) does not exceed \$10,000;

(2) the taxpayer (and, if such liability relates to a joint return, the taxpayer's spouse) has not, during any of the preceding 5 taxable years—

(A) failed to file any return of tax imposed by subtitle A;

(B) failed to pay any tax required to be shown on any such return; or

(C) entered into an installment agreement under this section for payment of any tax imposed by subtitle A,

(3) the Secretary determines that the taxpayer is financially unable to pay such liability in full when due (and the taxpayer submits such information as the Secretary may require to make such determination);

(4) the agreement requires full payment of such liability within 3 years; and

(5) the taxpayer agrees to comply with the provisions of this title for the period such agreement is in effect.

**(d) Administrative review**

The Secretary shall establish procedures for an independent administrative review of terminations of installment agreements under this section for taxpayers who request such a review.

**(e) Cross reference**

**For rights to administrative review and appeal, see section 7122(d).**

(Added Pub. L. 100-647, title VI, § 6234(a), Nov. 10, 1988, 102 Stat. 3735; amended Pub. L. 104-168, title II, §§ 201(a), (b), 202(a), July 30, 1996, 110 Stat. 1456, 1457; Pub. L. 105-206, title III, §§ 3462(c)(2), 3467(a), July 22, 1998, 112 Stat. 766, 769; Pub. L. 105-277, div. J, title IV, § 4002(g), Oct. 21, 1998, 112 Stat. 2681-907.)

AMENDMENTS

1998—Subsec. (c). Pub. L. 105-206, § 3467(a), added subsec. (c). Former subsec. (c) redesignated (d).

Subsec. (d). Pub. L. 105-277 redesignated subsec. (d), relating to cross reference, as (e).

Pub. L. 105-206, § 3467(a), redesignated former subsec. (c), relating to administrative review, as (d).

Pub. L. 105-206, § 3462(c)(2), added subsec. (d), relating to cross reference.

Subsec. (e). Pub. L. 105-277 redesignated subsec. (d), relating to cross reference, as (e).

1996—Subsec. (b)(3). Pub. L. 104-168, §201(b), amended par. (3) generally. Prior to amendment, par. (3) read as follows:

“(A) IN GENERAL.—If the Secretary makes a determination that the financial condition of a taxpayer with whom the Secretary has entered into an agreement under subsection (a) has significantly changed, the Secretary may alter, modify, or terminate such agreement.

“(B) NOTICE.—Action may be taken by the Secretary under subparagraph (A) only if—

“(i) notice of such determination is provided to the taxpayer no later than 30 days prior to the date of such action, and

“(ii) such notice includes the reasons why the Secretary believes a significant change in the financial condition of the taxpayer has occurred.”

Subsec. (b)(5). Pub. L. 104-168, §201(a), added par. (5). Subsec. (c). Pub. L. 104-168, §202(a), added subsec. (c).

**EFFECTIVE DATE OF 1998 AMENDMENTS**

Amendment by Pub. L. 105-277 effective as if included in the provision of the Internal Revenue Service Restructuring and Reform Act of 1998, Pub. L. 105-206, to which such amendment relates, see section 4002(k) of Pub. L. 105-277, set out as a note under section 1 of this title.

Amendment by section 3462(c)(2) of Pub. L. 105-206 applicable to proposed offers-in-compromise and installment agreements submitted after July 22, 1998, see section 3462(e)(1) of Pub. L. 105-206, set out as a note under section 6331 of this title.

Pub. L. 105-206, title III, §3467(b), July 22, 1998, 112 Stat. 770, provided that: “The amendment made by this section [amending this section] shall take effect on the date of the enactment of this Act [July 22, 1998].”

**EFFECTIVE DATE OF 1996 AMENDMENT**

Section 201(c) of Pub. L. 104-168 provided that: “The amendments made by this section [amending this section] shall take effect on the date 6 months after the date of the enactment of this Act [July 30, 1996].”

Section 202(b) of Pub. L. 104-168 provided that: “The amendment made by subsection (a) [amending this section] shall take effect on January 1, 1997.”

**EFFECTIVE DATE**

Section 6234(c) of Pub. L. 100-647 provided that: “The amendments made by this section [enacting this section and amending section 6601 of this title] shall apply to agreements entered into after the date of the enactment of this Act [Nov. 10, 1988].”

**STATEMENTS REGARDING INSTALLMENT AGREEMENTS**

Pub. L. 105-206, title III, §3506, July 22, 1998, 112 Stat. 771, provided that: “The Secretary of the Treasury or the Secretary’s delegate shall, beginning not later than July 1, 2000, provide each taxpayer who has an installment agreement in effect under section 6159 of the Internal Revenue Code of 1986 an annual statement setting forth the initial balance at the beginning of the year, the payments made during the year, and the remaining balance as of the end of the year.”

**SECTION REFERRED TO IN OTHER SECTIONS**

This section is referred to in sections 6323, 6330, 6331, 6343, 6601, 6651, 7122 of this title.

**Subchapter B—Extensions of Time for Payment**

Sec.	
6161.	Extension of time for paying tax.
[6162.	Repealed.]
6163.	Extension of time for payment of estate tax on value of reversionary or remainder interest in property.
6164.	Extension of time for payment of taxes by corporations expecting carrybacks.
6165.	Bonds where time to pay tax or deficiency has been extended.

Sec.	
6166.	Extension of time for payment of estate tax where estate consists largely of interest in closely held business.
[6166A.	Repealed.]
6167.	Extension of time for payment of tax attributable to recovery of foreign expropriation losses.

**AMENDMENTS**

1981—Pub. L. 97-34, title IV, §422(e)(5)(C), Aug. 13, 1981, 95 Stat. 316, substituted in item 6166 “Extension of time” for “Alternate extension of time” and struck out item 6166A “Extension of time for payment of estate tax where estate consists largely of interest in closely held business”.

1976—Pub. L. 94-455, title XIX, §1906(b)(4), title XX, §2004(f)(5), Oct. 4, 1976, 90 Stat. 1833, 1872, struck out item 6162 “Extension of time for payment of tax on gain attributable to liquidation of personal holding companies”, added item 6166, and renumbered former item 6166 as 6166A.

1966—Pub. L. 89-384, §1(g)(2), Apr. 8, 1966, 80 Stat. 104, added item 6167.

1958—Pub. L. 85-866, title II, §206(b), Sept. 2, 1958, 72 Stat. 1684, added item 6166.

**§ 6161. Extension of time for paying tax**

**(a) Amount determined by taxpayer on return**

**(1) General rule**

The Secretary, except as otherwise provided in this title, may extend the time for payment of the amount of the tax shown, or required to be shown, on any return or declaration required under authority of this title (or any installment thereof), for a reasonable period not to exceed 6 months (12 months in the case of estate tax) from the date fixed for payment thereof. Such extension may exceed 6 months in the case of a taxpayer who is abroad.

**(2) Estate tax**

The Secretary may, for reasonable cause, extend the time for payment of—

(A) any part of the amount determined by the executor as the tax imposed by chapter 11, or

(B) any part of any installment under section 6166 (including any part of a deficiency prorated to any installment under such section).

for a reasonable period not in excess of 10 years from the date prescribed by section 6151(a) for payment of the tax (or, in the case of an amount referred to in subparagraph (B), if later, not beyond the date which is 12 months after the due date for the last installment).

**(b) Amount determined as deficiency**

**(1) Income, gift, and certain other taxes**

Under regulations prescribed by the Secretary, the Secretary may extend the time for the payment of the amount determined as a deficiency of a tax imposed by chapter 1, 12, 41, 42, 43, or 44 for a period not to exceed 18 months from the date fixed for the payment of the deficiency, and in exceptional cases, for a further period not to exceed 12 months. An extension under this paragraph may be granted only where it is shown to the satisfaction of the Secretary that payment of a deficiency upon the date fixed for the payment thereof

will result in undue hardship to the taxpayer in the case of a tax imposed by chapter 1, 41, 42, 43, or 44, or to the donor in the case of a tax imposed by chapter 12.

**(2) Estate tax**

Under regulations prescribed by the Secretary, the Secretary may, for reasonable cause, extend the time for the payment of any deficiency of a tax imposed by chapter 11 for a reasonable period not to exceed 4 years from the date otherwise fixed for the payment of the deficiency.

**(3) No extension for certain deficiencies**

No extension shall be granted under this subsection for any deficiency if the deficiency is due to negligence, to intentional disregard of rules and regulations, or to fraud with intent to evade tax.

**(c) Claims in cases under title 11 of the United States Code or in receivership proceedings**

Extensions of time for payment of any portion of a claim for tax under chapter 1 or chapter 12, allowed in cases under title 11 of the United States Code or in receivership proceedings, which is unpaid, may be had in the same manner and subject to the same provisions and limitations as provided in subsection (b) in respect of a deficiency in such tax.

**(d) Cross references**

**(1) Period of limitation**

**For extension of the period of limitation in case of an extension under subsection (a)(2) or subsection (b)(2), see section 6503(d).**

**(2) Security**

**For authority of the Secretary to require security in case of an extension under subsection (a)(2) or subsection (b), see section 6165.**

(Aug. 16, 1954, ch. 736, 68A Stat. 762; Pub. L. 85-866, title II, §206(c), Sept. 2, 1958, 72 Stat. 1684; Pub. L. 91-172, title I, §101(j)(37), Dec. 30, 1969, 83 Stat. 530; Pub. L. 91-614, title I, §101(h), Dec. 31, 1970, 84 Stat. 1838; Pub. L. 93-406, title II, §1016(a)(7), Sept. 2, 1974, 88 Stat. 929; Pub. L. 94-455, title XIII, §1307(d)(2)(C), title XVI, §1605(b)(3), title XIX, §1906(b)(13)(A), title XX, §2004(c)(1), (2), Oct. 4, 1976, 90 Stat. 1727, 1754, 1834, 1867, 1868; Pub. L. 96-223, title I, §101(f)(1)(H), Apr. 2, 1980, 94 Stat. 252; Pub. L. 96-589, §6(i)(8), Dec. 24, 1980, 94 Stat. 3410; Pub. L. 97-34, title IV, §422(e)(1), Aug. 13, 1981, 95 Stat. 316; Pub. L. 100-418, title I, §1941(b)(2)(B)(viii), Aug. 23, 1988, 102 Stat. 1323.)

**AMENDMENTS**

1988—Subsec. (b)(1). Pub. L. 100-418 substituted “or 44” for “44, or 45” in two places.

1981—Subsec. (a)(2)(B). Pub. L. 97-34 struck out reference to section 6166A.

1980—Subsec. (b)(1). Pub. L. 96-223 inserted references to chapter 45.

Subsec. (c). Pub. L. 96-589 substituted “Claims in cases under title 11 of the United States Code or in receivership proceedings” for “Claims in bankruptcy or receivership proceedings” in heading, and substituted reference to cases under title 11 of the United States Code, for reference to bankruptcy proceedings in text.

1976—Subsec. (a)(1). Pub. L. 94-455, §1906(b)(13)(A), struck out “or his delegate” after “Secretary”.

Subsec. (a)(2). Pub. L. 94-455, §2004(c)(1), struck out in subpar. (A) “that the payment, on the due date, of” be-

fore “any part of the amount”, in subpar. (B) provisions relating to payment, on the date fixed for payment of any installment, and subpar. (C) which related to payment upon notice and demand of a deficiency prorated under the provisions of section 6161, inserted in subpar. (B) “or 6166A” after “section 6166”, substituted in subpar. (B) “under such section” for “the date for payment for which had not arrived”, and inserted in text following subpar. (B) provisions relating to extension of time for payment in the case of an amount referred to in subpar. (B).

Subsec. (b). Pub. L. 94-455, §§1307(d)(2)(C), 1605(b)(3), 2004(c)(2), among other changes, inserted reference to chapter 41, effective on or after Oct. 4, 1976, and reference to chapter 44, applicable to taxable years of real estate investment trusts beginning after Oct. 4, 1976, and struck out provisions relating to grant of extensions with respect to hardships to taxpayers, applicable to the estates of decedents dying after Dec. 31, 1976.

Subsec. (d)(2). Pub. L. 94-455, §1906(b)(13)(A), struck out “or his delegate” after “Secretary”.

1974—Subsec. (b). Pub. L. 93-406 inserted references to chapter 43.

1970—Subsec. (a)(1). Pub. L. 91-614 substituted “6 months (12 months in the case of estate tax)” for “6 months”.

1969—Subsec. (b). Pub. L. 91-172 inserted references to chapter 42.

1958—Subsec. (a)(2). Pub. L. 85-866 inserted provisions allowing Secretary or his delegate to extend time for payment for reasonable period, not exceeding 10 years from date prescribed by section 6151(a), if he finds that payment on date fixed for payment of any installment under section 6166, or any part of such installment, or payment of any part of a deficiency prorated under section 6166 to installments the date for payment of which had arrived would result in undue hardship.

**EFFECTIVE DATE OF 1988 AMENDMENT**

Amendment by Pub. L. 100-418 applicable to crude oil removed from the premises on or after Aug. 23, 1988, see section 1941(c) of Pub. L. 100-418, set out as a note under section 164 of this title.

**EFFECTIVE DATE OF 1981 AMENDMENT**

Amendment by Pub. L. 97-34 applicable to estates of decedents dying after Dec. 31, 1981, see section 422(f)(1) of Pub. L. 97-34, set out as a note under section 6166 of this title.

**EFFECTIVE DATE OF 1980 AMENDMENTS**

Amendment by Pub. L. 96-589 effective Oct. 1, 1979, but not applicable to proceedings under Title 11, Bankruptcy, commenced before Oct. 1, 1979, see section 7(e) of Pub. L. 96-589, set out as a note under section 108 of this title.

Section 101(i) of Pub. L. 96-223, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(1) IN GENERAL.—The amendments made by this section [enacting sections 4986 to 4998, 6050C, 6076, and 7241 of this title and amending this section and sections 164, 6211, 6212, 6213, 6214, 6302, 6344, 6501, 6511, 6512, 6601, 6611, 6652, 6653, 6862, 7422, and 7512 of this title] shall apply to periods after February 29, 1980.

“(2) TRANSITIONAL RULES.—For the period ending June 30, 1980, the Secretary of the Treasury or his delegate shall prescribe rules relating to the administration of chapter 45 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954]. To the extent provided in such rules, such rules shall supplement or supplant for such period the administrative provisions contained in chapter 45 of such Code (or in so much of subtitle F of such Code [section 6001 et seq. of this title] as relates to such chapter 45).”

**EFFECTIVE DATE OF 1976 AMENDMENT**

Amendment by section 1307(d)(2)(C) of Pub. L. 94-455 effective on and after Oct. 4, 1976, see section 1307(e)(6) of Pub. L. 94-455, set out as a note under section 501 of this title.

For effective date of amendment by section 1605(b)(3) of Pub. L. 94-455, see section 1608(d) of Pub. L. 94-455, set out as a note under section 856 of this title.

Amendment by section 2004(c)(1), (2) of Pub. L. 94-455 applicable to estates of decedents dying after Dec. 31, 1976, see section 2004(g) of Pub. L. 94-455, set out as an Effective Date note under section 6166 of this title.

#### EFFECTIVE DATE OF 1974 AMENDMENT

Amendment by Pub. L. 93-406 applicable, except as otherwise provided in section 1017(c) through (i) of Pub. L. 93-406, for plan years beginning after Sept. 2, 1974, but, in the case of plans in existence on Jan. 1, 1974, amendment by Pub. L. 93-406 applicable for plan years beginning after Dec. 31, 1975, see section 1017 of Pub. L. 93-406, set out as an Effective Date; Transitional Rules note under section 410 of this title.

#### EFFECTIVE DATE OF 1970 AMENDMENT

Amendment by Pub. L. 91-614 applicable with respect to decedents dying after Dec. 31, 1970, see section 101(j) of Pub. L. 91-614, set out as a note under section 2032 of this title.

#### EFFECTIVE DATE OF 1969 AMENDMENT

Amendment by Pub. L. 91-172 effective Jan. 1, 1970, see section 101(k)(1) of Pub. L. 91-172, set out as an Effective Date note under section 4940 of this title.

#### EFFECTIVE DATE OF 1958 AMENDMENT

Section 206(f) of Pub. L. 85-866, as amended by Pub. L. 99-514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that: "The amendments made by this section [enacting section 6166 of this title and amending this section and sections 6503 and 6601 of this title] shall apply to estates of decedents with respect to which the date for the filing of the estate tax return (including extensions thereof) prescribed by section 6075(a) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] is after the date of the enactment of this Act [Sept. 2, 1958]; except that (1) section 6166(i) of such Code as added by this section shall apply to estates of decedents dying after August 16, 1954, but only if the date for the filing of the estate tax return (including extensions thereof) expired on or before the date of the enactment of this Act [Sept. 2, 1958], and (2) notwithstanding section 6166(a) of such Code, if an election under such section is required to be made before the sixtieth day after the date of the enactment of this Act [Sept. 2, 1958] such an election shall be considered timely if made on or before such sixtieth day."

#### CROSS REFERENCES

##### Time for filing returns—

Estate and gift tax, see section 6075 of this title.  
Extension of time, see section 6081 of this title.  
Income tax, see section 6072 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 2011, 2014, 2056A, 2204, 6215, 6404, 6503, 6873 of this title.

### **[§ 6162. Repealed. Pub. L. 94-455, title XIX, § 1906(a)(12), Oct. 4, 1976, 90 Stat. 1825]**

Section, act Aug. 16, 1954, ch. 736, 68A Stat. 763, provided for an extension of time for payment of tax on gain attributable to liquidation of personal holding companies.

#### EFFECTIVE DATE OF REPEAL

Repeal effective on first day of month which begins more than 90 days after Oct. 4, 1976, see section 1906(d)(1) of Pub. L. 94-455, set out as an Effective Date of 1976 Amendment note under section 6013 of this title.

### **§ 6163. Extension of time for payment of estate tax on value of reversionary or remainder interest in property**

#### **(a) Extension permitted**

If the value of a reversionary or remainder interest in property is included under chapter 11 in the value of the gross estate, the payment of the part of the tax under chapter 11 attributable to such interest may, at the election of the executor, be postponed until 6 months after the termination of the precedent interest or interests in the property, under such regulations as the Secretary may prescribe.

#### **(b) Extension for reasonable cause**

At the expiration of the period of postponement provided for in subsection (a), the Secretary may, for reasonable cause, extend the time for payment for a reasonable period or periods not in excess of 3 years from the expiration of the period of postponement provided in subsection (a).

#### **(c) Cross reference**

**For authority of the Secretary to require security in the case of an extension under this section, see section 6165.**

(Aug. 16, 1954, ch. 736, 68A Stat. 763; Pub. L. 85-866, title I, § 66(b)(1), Sept. 2, 1958, 72 Stat. 1658; Pub. L. 88-272, title II, § 240(a), Feb. 26, 1964, 78 Stat. 129; Pub. L. 93-625, § 7(d)(1), Jan. 3, 1975, 88 Stat. 2115; Pub. L. 94-455, title XIX, § 1906(b)(13)(A), title XX, § 2004(c)(3), Oct. 4, 1976, 90 Stat. 1834, 1868.)

#### AMENDMENTS

1976—Subsec. (a). Pub. L. 94-455, § 1906(b)(13)(A), struck out "or his delegate" after "Secretary".

Subsec. (b). Pub. L. 94-455, § 2004(c)(3), substituted provisions relating to extension of time for payment for a reasonable cause for provisions relating to extension of time for payment for undue hardship to the estate.

Subsec. (c). Pub. L. 94-455, § 1906(b)(13)(A), struck out "or his delegate" after "Secretary".

1975—Subsec. (c). Pub. L. 93-625 struck out par. (1) cross reference to interest provisions of section 6601(b) of this title and struck out par. (2) designation of cross reference to security, now incorporated in present subsec. (c) provision.

1964—Subsec. (b). Pub. L. 88-272 substituted "or periods not in excess of 3" for "not in excess of 2".

1958—Subsecs. (b), (c). Pub. L. 85-866 added subsec. (b) and redesignated former subsec. (b) as (c).

#### EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by section 2004(c)(3) of Pub. L. 94-455 applicable to estates of decedents dying after Dec. 31, 1976, see section 2004(g) of Pub. L. 94-455, set out as an Effective Date note under section 6166 of this title.

#### EFFECTIVE DATE OF 1975 AMENDMENT

Amendment by Pub. L. 93-625 effective on July 1, 1975, and applicable to amounts outstanding on such date or arising thereafter, see section 7(e) of Pub. L. 93-625, set out as an Effective Date note under section 6621 of this title.

#### EFFECTIVE DATE OF 1964 AMENDMENT

Section 240(c) of Pub. L. 88-272, as amended by Pub. L. 99-514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that: "(1) The amendment made by subsection (a) [amending this section] shall apply in the case of any reversionary or remainder interest only if the time for pay-

ment of the tax under chapter 11 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] attributable to such interest, including any extensions thereof, has not expired on the date of the enactment of this Act [Feb. 26, 1964].

“(2) The amendment made by subsection (b) [amending section 925 of I.R.C. 1939] shall apply in the case of any reversionary or remainder interest only if the time for payment of the tax under chapter 3 of the Internal Revenue Code of 1939 attributable to such interest, including any extensions thereof, has not expired on the date of the enactment of this Act [Feb. 26, 1964].”

#### EFFECTIVE DATE OF 1958 AMENDMENT

Section 66(b)(3) of Pub. L. 85-866 provided that: “The amendments made by paragraphs (1) and (2) [amending this section and sections 925 and 926 of I.R.C. 1939] shall apply in the case of any reversionary or remainder interest only if the precedent interest or interests in the property did not terminate before the beginning of the 6-month period which ends on the date of the enactment of this Act [Sept. 2, 1958].”

#### CROSS REFERENCES

Time for filing estate tax return, see section 6075 of this title.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 163, 2015, 2204, 6503 of this title.

### § 6164. Extension of time for payment of taxes by corporations expecting carrybacks

#### (a) In general

If a corporation, in any taxable year, files with the Secretary a statement, as provided in subsection (b), with respect to an expected net operating loss carryback from such taxable year, the time for payment of all or part of any tax imposed by subtitle A for the taxable year immediately preceding such taxable year shall be extended, to the extent and subject to the conditions and limitations hereinafter provided in this section.

#### (b) Contents of statement

The statement shall be filed at such time and in such manner and form as the Secretary may by regulations prescribe. Such statement shall set forth that the corporation expects to have a net operating loss carryback, as provided in section 172(b), from the taxable year in which such statement is made, and shall set forth, in such detail and with such supporting data and explanation as such regulations shall require—

(1) the estimated amount of the expected net operating loss;

(2) the reasons, facts, and circumstances which cause the corporation to expect such net operating loss;

(3) the amount of the reduction of the tax previously determined attributable to the expected carryback, such tax previously determined being ascertained in accordance with the method prescribed in section 1314(a); and such reduction being determined by applying the expected carryback in the manner provided by law to the items on the basis of which such tax was determined;

(4) the tax and the part thereof the time for payment of which is to be extended; and

(5) such other information for purposes of carrying out the provisions of this section as may be required by such regulations.

The Secretary shall, upon request, furnish a receipt for any statement filed, which shall set forth the date of such filing.

#### (c) Amount to which extension relates and installment payments

The amount the time for payment of which may be extended under subsection (a) with respect to any tax shall not exceed the amount of such tax shown on the return, increased by any amount assessed as a deficiency (or as interest or addition to the tax) prior to the date of filing the statement and decreased by any amount paid or required to be paid prior to the date of such filing, and the total amount of the tax the time for payment of which may be extended shall not exceed the amount stated under subsection (b)(3). For purposes of this subsection, an amount shall not be considered as required to be paid unless shown on the return or assessed as a deficiency (or as interest or addition to the tax), and an amount assessed as a deficiency (or as interest or addition to the tax) shall be considered to be required to be paid prior to the date of filing of the statement if the 10th day after notice and demand for its payment occurs prior to such date. If an extension of time under this section relates to only a part of the tax, the time for payment of the remainder shall be the date on which payment would have been required if such remainder had been the tax.

#### (d) Period of extension

The extension of time for payment provided in this section shall expire—

(1) on the last day of the month in which falls the last date prescribed by law (including any extension of time granted the taxpayer) for the filing of the return for the taxable year of the expected net operating loss, or

(2) if an application for tentative carryback adjustment provided in section 6411 with respect to such loss is filed before the expiration of the period prescribed in paragraph (1), on the date on which notice is mailed by certified mail or registered mail by the Secretary to the taxpayer that such application is allowed or disallowed in whole or in part.

#### (e) Revised statements

Each statement filed under subsection (a) with respect to any taxable year shall be in lieu of the last statement previously filed with respect to such year. If the amount the time for payment of which is extended under a statement filed is less than the amount under the last statement previously filed, the extension of time shall be terminated as to the difference between the two amounts.

#### (f) Termination

The Secretary is not required to make any examination of the statement, but he may make such examination thereof as he deems necessary and practicable. The Secretary shall terminate the extension as to any part of the amount to which it relates which he deems should be terminated because, upon such examination, he believes that, as of the time such examination is made, all or any part of the statement clearly is in a material respect erroneous or unreasonable.

**(g) Payments on termination**

If an extension of time is terminated under subsection (e) or (f) with respect to any amount, then—

(1) no further extension of time shall be made under this section with respect to such amount, and

(2) the time for payment of such amount shall be considered to be the date on which payment would have been required if there had been no extension with respect to such amount.

**(h) Jeopardy**

If the Secretary believes that collection of the amount to which an extension under this section relates is in jeopardy, he shall immediately terminate such extension, and notice and demand shall be made by him for payment of such amount.

**(i) Consolidated returns**

If the corporation seeking an extension of time under this section made or was required to make a consolidated return, either for the taxable year within which the net operating loss arises or for the preceding taxable year affected by such loss, the provisions of such section shall apply only to such extent and subject to such conditions, limitations, and exceptions as the Secretary may by regulations prescribe.

(Aug. 16, 1954, ch. 736, 68A Stat. 764; Pub. L. 85-866, title I, §89(b), Sept. 2, 1958, 72 Stat. 1665; Pub. L. 94-455, title XIX, §1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834; Pub. L. 97-248, title II, §234(b)(2)(C), Sept. 3, 1982, 96 Stat. 503.)

AMENDMENTS

1982—Subsec. (c). Pub. L. 97-248, §234(b)(2)(C)(i), substituted “shall be the date on which payment would have been required if such remainder had been the tax” for “shall be considered to be the dates on which payments would have been required if such remainder had been the tax and the taxpayer had elected to pay the tax in installments as provided in section 6152” in last sentence.

Subsec. (g)(2). Pub. L. 97-248, §234(b)(2)(C)(ii), substituted “date on which payment would have been required if there had been no extension with respect to such amount” for “dates on which payments would have been required if there had been no extension with respect to such amount and the taxpayer had elected to pay the tax in installments as provided in section 6152”.

1976—Subsecs. (a), (b), (d), (f), (h), (i). Pub. L. 94-455 struck out “or his delegate” after “Secretary” wherever appearing.

1958—Subsec. (d)(2). Pub. L. 85-866 inserted “certified mail or” before “registered mail”.

EFFECTIVE DATE OF 1982 AMENDMENT

Amendment by Pub. L. 97-248 applicable to taxable years beginning after Dec. 31, 1982, see section 234(e) of Pub. L. 97-248, set out as a note under section 6655 of this title.

EFFECTIVE DATE OF 1958 AMENDMENT

Amendment by Pub. L. 85-866 applicable only if mailing occurs after Sept. 2, 1958, see section 89(d) of Pub. L. 85-866, set out as a note under section 7502 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 6040, 6411, 6864 of this title.

**§ 6165. Bonds where time to pay tax or deficiency has been extended**

In the event the Secretary grants any extension of time within which to pay any tax or any deficiency therein, the Secretary may require the taxpayer to furnish a bond in such amount (not exceeding double the amount with respect to which the extension is granted) conditioned upon the payment of the amount extended in accordance with the terms of such extension.

(Aug. 16, 1954, ch. 736, 68A Stat. 766; Pub. L. 94-455, title XIX, §1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834.)

AMENDMENTS

1976—Pub. L. 94-455 struck out “or his delegate” after “Secretary” wherever appearing.

CROSS REFERENCES

Form of bond, see section 7101 of this title.

Jurisdiction of district court of action by the United States, see section 1345 of Title 28, Judiciary and Judicial Procedure.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1294, 6163, 6166, 6167, 6324A, 7103 of this title.

**§ 6166. Extension of time for payment of estate tax where estate consists largely of interest in closely held business**

**(a) 5-year deferral; 10-year installment payment**

**(1) In general**

If the value of an interest in a closely held business which is included in determining the gross estate of a decedent who was (at the date of his death) a citizen or resident of the United States exceeds 35 percent of the adjusted gross estate, the executor may elect to pay part or all of the tax imposed by section 2001 in 2 or more (but not exceeding 10) equal installments.

**(2) Limitation**

The maximum amount of tax which may be paid in installments under this subsection shall be an amount which bears the same ratio to the tax imposed by section 2001 (reduced by the credits against such tax) as—

(A) the closely held business amount, bears to

(B) the amount of the adjusted gross estate.

**(3) Date for payment of installments**

If an election is made under paragraph (1), the first installment shall be paid on or before the date selected by the executor which is not more than 5 years after the date prescribed by section 6151(a) for payment of the tax, and each succeeding installment shall be paid on or before the date which is 1 year after the date prescribed by this paragraph for payment of the preceding installment.

**(b) Definitions and special rules**

**(1) Interest in closely held business**

For purposes of this section, the term “interest in a closely held business” means—

(A) an interest as a proprietor in a trade or business carried on as a proprietorship;

(B) an interest as a partner in a partnership carrying on a trade or business, if—

(i) 20 percent or more of the total capital interest in such partnership is included in determining the gross estate of the decedent, or

(ii) such partnership had 15 or fewer partners; or

(C) stock in a corporation carrying on a trade or business if—

(i) 20 percent or more in value of the voting stock of such corporation is included in determining the gross estate of the decedent, or

(ii) such corporation had 15 or fewer shareholders.

**(2) Rules for applying paragraph (1)**

For purposes of paragraph (1)—

**(A) Time for testing**

Determinations shall be made as of the time immediately before the decedent's death.

**(B) Certain interests held by husband and wife**

Stock or a partnership interest which—

(i) is community property of a husband and wife (or the income from which is community income) under the applicable community property law of a State, or

(ii) is held by a husband and wife as joint tenants, tenants by the entirety, or tenants in common,

shall be treated as owned by one shareholder or one partner, as the case may be.

**(C) Indirect ownership**

Property owned, directly or indirectly, by or for a corporation, partnership, estate, or trust shall be considered as being owned proportionately by or for its shareholders, partners, or beneficiaries. For purposes of the preceding sentence, a person shall be treated as a beneficiary of any trust only if such person has a present interest in the trust.

**(D) Certain interests held by members of decedent's family**

All stock and all partnership interests held by the decedent or by any member of his family (within the meaning of section 267(c)(4)) shall be treated as owned by the decedent.

**(3) Farmhouses and certain other structures taken into account**

For purposes of the 35-percent requirement of subsection (a)(1), an interest in a closely held business which is the business of farming includes an interest in residential buildings and related improvements on the farm which are occupied on a regular basis by the owner or lessee of the farm or by persons employed by such owner or lessee for purposes of operating or maintaining the farm.

**(4) Value**

For purposes of this section, value shall be value determined for purposes of chapter 11 (relating to estate tax).

**(5) Closely held business amount**

For purposes of this section, the term "closely held business amount" means the value of the interest in a closely held business which qualifies under subsection (a)(1).

**(6) Adjusted gross estate**

For purposes of this section, the term, "adjusted gross estate" means the value of the gross estate reduced by the sum of the amounts allowable as a deduction under section 2053 or 2054. Such sum shall be determined on the basis of the facts and circumstances in existence on the date (including extensions) for filing the return of tax imposed by section 2001 (or, if earlier, the date on which such return is filed).

**(7) Partnership interests and stock which is not readily tradable**

**(A) In general**

If the executor elects the benefits of this paragraph (at such time and in such manner as the Secretary shall by regulations prescribe), then—

(i) for purposes of paragraph (1)(B)(i) or (1)(C)(i) (whichever is appropriate) and for purposes of subsection (c), any capital interest in a partnership and any non-readily-tradable stock which (after the application of paragraph (2)) is treated as owned by the decedent shall be treated as included in determining the value of the decedent's gross estate,

(ii) the executor shall be treated as having selected under subsection (a)(3) the date prescribed by section 6151(a), and

(iii) for purposes of applying section 6601(j), the 2-percent portion (as defined in such section) shall be treated as being zero.

**(B) Non-readily-tradable stock defined**

For purposes of this paragraph, the term "non-readily-tradable stock" means stock for which, at the time of the decedent's death, there was no market on a stock exchange or in an over-the-counter market.

**(8) Stock in holding company treated as business company stock in certain cases**

**(A) In general**

If the executor elects the benefits of this paragraph, then—

**(i) Holding company stock treated as business company stock**

For purposes of this section, the portion of the stock of any holding company which represents direct ownership (or indirect ownership through 1 or more other holding companies) by such company in a business company shall be deemed to be stock in such business company.

**(ii) 5-year deferral for principal not to apply**

The executor shall be treated as having selected under subsection (a)(3) the date prescribed by section 6151(a).

**(iii) 2-percent interest rate not to apply**

For purposes of applying section 6601(j), the 2-percent portion (as defined in such section) shall be treated as being zero.

**(B) All stock must be non-readily-tradable stock**

No stock shall be taken into account for purposes of applying this paragraph unless it is non-readily-tradable stock (within the meaning of paragraph (7)(B)).

**(C) Application of voting stock requirement of paragraph (1)(C)(i)**

For purposes of clause (i) of paragraph (1)(C), the deemed stock resulting from the application of subparagraph (A) shall be treated as voting stock to the extent that voting stock in the holding company owns directly (or through the voting stock of 1 or more other holding companies) voting stock in the business company.

**(D) Definitions**

For purposes of this paragraph—

**(i) Holding company**

The term “holding company” means any corporation holding stock in another corporation.

**(ii) Business company**

The term “business company” means any corporation carrying on a trade or business.

**(9) Deferral not available for passive assets****(A) In general**

For purposes of subsection (a)(1) and determining the closely held business amount (but not for purposes of subsection (g)), the value of any interest in a closely held business shall not include the value of that portion of such interest which is attributable to passive assets held by the business.

**(B) Passive asset defined**

For purposes of this paragraph—

**(i) In general**

The term “passive asset” means any asset other than an asset used in carrying on a trade or business.

**(ii) Stock treated as passive asset**

The term “passive asset” includes any stock in another corporation unless—

(I) such stock is treated as held by the decedent by reason of an election under paragraph (8), and

(II) such stock qualified under subsection (a)(1).

**(iii) Exception for active corporations**

If—

(I) a corporation owns 20 percent or more in value of the voting stock of another corporation, or such other corporation has 15 or fewer shareholders, and

(II) 80 percent or more of the value of the assets of each such corporation is attributable to assets used in carrying on a trade or business,

then such corporations shall be treated as 1 corporation for purposes of clause (ii). For purposes of applying subclause (II) to the corporation holding the stock of the other corporation, such stock shall not be taken into account.

**(c) Special rule for interest in 2 or more closely held businesses**

For purposes of this section, interest in 2 or more closely held businesses, with respect to each of which there is included in determining the value of the decedent's gross estate 20 percent or more of the total value of each such business, shall be treated as an interest in a single closely held business. For purposes of the 20-percent requirement of the preceding sentence, an interest in a closely held business which represents the surviving spouse's interest in property held by the decedent and the surviving spouse as community property or as joint tenants, tenants by the entirety, or tenants in common shall be treated as having been included in determining the value of the decedent's gross estate.

**(d) Election**

Any election under subsection (a) shall be made not later than the time prescribed by section 6075(a) for filing the return of tax imposed by section 2001 (including extensions thereof), and shall be made in such manner as the Secretary shall by regulations prescribe. If an election under subsection (a) is made, the provisions of this subtitle shall apply as though the Secretary were extending the time for payment of the tax.

**(e) Proration of deficiency to installments**

If an election is made under subsection (a) to pay any part of the tax imposed by section 2001 in installments and a deficiency has been assessed, the deficiency shall (subject to the limitation provided by subsection (a)(2)) be prorated to the installments payable under subsection (a). The part of the deficiency so prorated to any installment the date for payment of which has not arrived shall be collected at the same time as, and as a part of, such installment. The part of the deficiency so prorated to any installment the date for payment of which has arrived shall be paid upon notice and demand from the Secretary. This subsection shall not apply if the deficiency is due to negligence, to intentional disregard of rules and regulations, or to fraud with intent to evade tax.

**(f) Time for payment of interest**

If the time for payment of any amount of tax has been extended under this section—

**(1) Interest for first 5 years**

Interest payable under section 6601 of any unpaid portion of such amount attributable to the first 5 years after the date prescribed by section 6151(a) for payment of the tax shall be paid annually.

**(2) Interest for periods after first 5 years**

Interest payable under section 6601 on any unpaid portion of such amount attributable to any period after the 5-year period referred to in paragraph (1) shall be paid annually at the same time as, and as a part of, each installment payment of the tax.

**(3) Interest in the case of certain deficiencies**

In the case of a deficiency to which subsection (e) applies which is assessed after the close of the 5-year period referred to in para-

graph (1), interest attributable to such 5-year period, and interest assigned under paragraph (2) to any installment the date for payment of which has arrived on or before the date of the assessment of the deficiency, shall be paid upon notice and demand from the Secretary.

**(4) Selection of shorter period**

If the executor has selected a period shorter than 5 years under subsection (a)(3), such shorter period shall be substituted for 5 years in paragraphs (1), (2), and (3) of this subsection.

**(g) Acceleration of payment**

**(1) Disposition of interest; withdrawal of funds from business**

(A) If—

(i) any portion of an interest in a closely held business which qualifies under subsection (a)(1) is distributed, sold, exchanged, or otherwise disposed of, or

(ii) money and other property attributable to such an interest is withdrawn from such trade or business, and

(iii) the aggregate of such distributions, sales, exchanges, or other dispositions and withdrawals equals or exceeds 50 percent of the value of such interest,

then the extension of time for payment of tax provided in subsection (a) shall cease to apply, and the unpaid portion of the tax payable in installments shall be paid upon notice and demand from the Secretary.

(B) In the case of a distribution in redemption of stock to which section 303 (or so much of section 304 as relates to section 303) applies—

(i) the redemption of such stock, and the withdrawal of money and other property distributed in such redemption, shall not be treated as a distribution or withdrawal for purposes of subparagraph (A), and

(ii) for purposes of subparagraph (A), the value of the interest in the closely held business shall be considered to be such value reduced by the value of the stock redeemed.

This subparagraph shall apply only if, on or before the date prescribed by subsection (a)(3) for the payment of the first installment which becomes due after the date of the distribution (or, if earlier, on or before the day which is 1 year after the date of the distribution), there is paid an amount of the tax imposed by section 2001 not less than the amount of money and other property distributed.

(C) Subparagraph (A)(i) does not apply to an exchange of stock pursuant to a plan of reorganization described in subparagraph (D), (E), or (F) of section 368(a)(1) nor to an exchange to which section 355 (or so much of section 356 as relates to section 355) applies; but any stock received in such an exchange shall be treated for purposes of subparagraph (A)(i) as an interest qualifying under subsection (a)(1).

(D) Subparagraph (A)(i) does not apply to a transfer of property of the decedent to a per-

son entitled by reason of the decedent's death to receive such property under the decedent's will, the applicable law of descent and distribution, or a trust created by the decedent. A similar rule shall apply in the case of a series of subsequent transfers of the property by reason of death so long as each transfer is to a member of the family (within the meaning of section 267(c)(4)) of the transferor in such transfer.

**(E) Changes in interest in holding company**

If any stock in a holding company is treated as stock in a business company by reason of subsection (b)(8)(A)—

(i) any disposition of any interest in such stock in such holding company which was included in determining the gross estate of the decedent, or

(ii) any withdrawal of any money or other property from such holding company attributable to any interest included in determining the gross estate of the decedent,

shall be treated for purposes of subparagraph (A) as a disposition of (or a withdrawal with respect to) the stock qualifying under subsection (a)(1).

**(F) Changes in interest in business company**

If any stock in a holding company is treated as stock in a business company by reason of subsection (b)(8)(A)—

(i) any disposition of any interest in such stock in the business company by such holding company, or

(ii) any withdrawal of any money or other property from such business company attributable to such stock by such holding company owning such stock,

shall be treated for purposes of subparagraph (A) as a disposition of (or a withdrawal with respect to) the stock qualifying under subsection (a)(1).

**(2) Undistributed income of estate**

(A) If an election is made under this section and the estate has undistributed net income for any taxable year ending on or after the due date for the first installment, the executor shall, on or before the date prescribed by law for filing the income tax return for such taxable year (including extensions thereof), pay an amount equal to such undistributed net income in liquidation of the unpaid portion of the tax payable in installments.

(B) For purposes of subparagraph (A), the undistributed net income of the estate for any taxable year is the amount by which the distributable net income of the estate for such taxable year (as defined in section 643) exceeds the sum of—

(i) the amounts for such taxable year specified in paragraphs (1) and (2) of section 661(a) (relating to deductions for distributions, etc.);

(ii) the amount of tax imposed for the taxable year on the estate under chapter 1; and

(iii) the amount of the tax imposed by section 2001 (including interest) paid by

the executor during the taxable year (other than any amount paid pursuant to this paragraph).

(C) For purposes of this paragraph, if any stock in a corporation is treated as stock in another corporation by reason of subsection (b)(8)(A), any dividends paid by such other corporation to the corporation shall be treated as paid to the estate of the decedent to the extent attributable to the stock qualifying under subsection (a)(1).

**(3) Failure to make payment of principal or interest**

**(A) In general**

Except as provided in subparagraph (B), if any payment of principal or interest under this section is not paid on or before the date fixed for its payment by this section (including any extension of time), the unpaid portion of the tax payable in installments shall be paid upon notice and demand from the Secretary.

**(B) Payment within 6 months**

If any payment of principal or interest under this section is not paid on or before the date determined under subparagraph (A) but is paid within 6 months of such date—

(i) the provisions of subparagraph (A) shall not apply with respect to such payment,

(ii) the provisions of section 6601(j) shall not apply with respect to the determination of interest on such payment, and

(iii) there is imposed a penalty in an amount equal to the product of—

(I) 5 percent of the amount of such payment, multiplied by

(II) the number of months (or fractions thereof) after such date and before payment is made.

The penalty imposed under clause (iii) shall be treated in the same manner as a penalty imposed under subchapter B of chapter 68.

**(h) Election in case of certain deficiencies**

**(1) In general**

If—

(A) a deficiency in the tax imposed by section 2001 is assessed,

(B) the estate qualifies under subsection (a)(1), and

(C) the executor has not made an election under subsection (a),

the executor may elect to pay the deficiency in installments. This subsection shall not apply if the deficiency is due to negligence, to intentional disregard of rules and regulations, or to fraud with intent to evade tax.

**(2) Time of election**

An election under this subsection shall be made not later than 60 days after issuance of notice and demand by the Secretary for the payment of the deficiency, and shall be made in such manner as the Secretary shall by regulations prescribe.

**(3) Effect of election on payment**

If an election is made under this subsection, the deficiency shall (subject to the limitation

provided by subsection (a)(2)) be prorated to the installments which would have been due if an election had been timely made under subsection (a) at the time the estate tax return was filed. The part of the deficiency so prorated to any installment the date for payment of which would have arrived shall be paid at the time of the making of the election under this subsection. The portion of the deficiency so prorated to installments the date for payment of which would not have so arrived shall be paid at the time such installments would have been due if such an election had been made.

**(i) Special rule for certain direct skips**

To the extent that an interest in a closely held business is the subject of a direct skip (within the meaning of section 2612(c)) occurring at the same time as and as a result of the decedent's death, then for purposes of this section any tax imposed by section 2601 on the transfer of such interest shall be treated as if it were additional tax imposed by section 2001.

**(j) Regulations**

The Secretary shall prescribe such regulations as may be necessary to the application of this section.

**(k) Cross references**

**(1) Security**

**For authority of the Secretary to require security in the case of an extension under this section, see section 6165.**

**(2) Lien**

**For special lien (in lieu of bond) in the case of an extension under this section, see section 6324A.**

**(3) Period of limitation**

**For extension of the period of limitation in the case of an extension under this section, see section 6503(d).**

**(4) Interest**

**For provisions relating to interest on tax payable in installments under this section, see subsection (j) of section 6601.**

**(5) Transfers within 3 years of death**

**For special rule for qualifying an estate under this section where property has been transferred within 3 years of decedent's death, see section 2035(d)(4).<sup>1</sup>**

(Added Pub. L. 94-455, title XX, §2004(a), Oct. 4, 1976, 90 Stat. 1862; amended Pub. L. 95-600, title V, §512(a), (b), Nov. 6, 1978, 92 Stat. 2882, 2883; Pub. L. 97-34, title IV, §422(a), (c), (e)(5)(A), (B), Aug. 13, 1981, 95 Stat. 314-316; Pub. L. 97-448, title I, §104(c), (d)(1)(B), Jan. 12, 1983, 96 Stat. 2382, 2383; Pub. L. 98-369, div. A, title V, §544(b)(4), title X, §1021(a)-(d), July 18, 1984, 98 Stat. 894, 1024-1026; Pub. L. 99-514, title XIV, §1432(e), Oct. 22, 1986, 100 Stat. 2730; Pub. L. 104-188, title I, §1704(t)(15), Aug. 20, 1996, 110 Stat. 1888; Pub. L. 105-34, title V, §503(c)(1), Aug. 5, 1997, 111 Stat. 853; Pub. L. 105-206, title VI, §6007(c), July 22, 1998, 112 Stat. 809.)

REFERENCES IN TEXT

Section 2035 of this title, referred to in subsec. (k)(5), was amended generally by Pub. L. 105-34, title XIII,

<sup>1</sup> See References in Text note below.

§1310(a), Aug. 5, 1997, 111 Stat. 1043, and, as so amended, provisions relating to special rule for qualifying an estate under this section where property has been transferred within 3 years of decedent's death, which formerly appeared in subsec. (d)(4), are contained in subsec. (c)(2).

#### PRIOR PROVISIONS

A prior section 6166 was renumbered section 6166A of this title and later repealed by Pub. L. 97-34, title IV, §422(d), Aug. 13, 1981, 95 Stat. 315.

#### AMENDMENTS

1998—Subsec. (b)(7)(A)(iii). Pub. L. 105-206, §6007(c)(1), amended cl. (iii) generally. Prior to amendment, cl. (iii) read as follows: "section 6601(j) (relating to 2-percent rate of interest) shall not apply."

Subsec. (b)(8)(A)(iii). Pub. L. 105-206, §6007(c)(2), reenacted heading without change and amended text of cl. (iii) generally. Prior to amendment, text read as follows: "Section 6601(j) (relating to 2-percent rate of interest) shall not apply."

1997—Subsec. (b)(7)(A)(iii). Pub. L. 105-34 substituted "2-percent" for "4-percent".

Subsec. (b)(8)(A)(iii). Pub. L. 105-34 substituted "2-percent" for "4-percent" in heading and text.

1996—Subsec. (k)(6). Pub. L. 104-188 struck out par. (6) which provided cross reference to former section 2210(c) of this title authorizing payment of certain portion of estate tax in installments under provisions of this section.

1986—Subsecs. (i) to (k). Pub. L. 99-514 added subsec. (i) and redesignated former subsecs. (i) and (j) as (j) and (k), respectively.

1984—Subsec. (b)(8). Pub. L. 98-369, §1021(a), added par. (8).

Subsec. (b)(9). Pub. L. 98-369, §1021(b), added par. (9).  
Subsec. (g)(1)(E), (F). Pub. L. 98-369, §1021(c), added subpars. (E) and (F).

Subsec. (g)(2)(C). Pub. L. 98-369, §1021(d), added subpar. (C).

Subsec. (j)(6). Pub. L. 98-369, §544(b)(4), added par. (6).  
1983—Subsec. (b)(3). Pub. L. 97-448, §104(c)(1), substituted "35-percent requirement" for "65-percent requirement".

Subsec. (g)(1)(B)(i). Pub. L. 97-448, §104(c)(2), substituted "the redemption of such stock, and the withdrawal of money or other property distributed in such redemption, shall not be treated as a distribution or withdrawal for purposes of subparagraph (A), and" for "subparagraph (A)(i) does not apply with respect to the stock redeemed; and for purposes of such subparagraph the interest in the closely held business shall be considered to be such interest reduced by the value of the stock redeemed, and".

Subsec. (g)(1)(B)(ii). Pub. L. 97-448, §104(c)(2), substituted "for purposes of subparagraph (A), the value of the interest in the closely held business shall be considered to be such value reduced by the value of the stock redeemed" for "subparagraph (A)(ii) does not apply with respect to withdrawals of money and other property distributed; and for purposes of such subparagraph the value of the trade or business shall be considered to be such value reduced by the amount of money and other property distributed".

Subsec. (j)(5). Pub. L. 97-448, §104(d)(1)(B), added par. (5).

1981—Pub. L. 97-34, §422(e)(5)(B), substituted "Extension of time" for "Alternate extension of time" in section catchline.

Subsec. (a). Pub. L. 97-34, §422(a)(1), (e)(5)(A), substituted in par. (1) "35 percent" for "65 percent" and struck out par. (4) which provided that no election be made under this section by the executor of the estate of any decedent if an election under section 6166A applies with respect to the estate of such decedent.

Subsec. (c). Pub. L. 97-34, §422(a)(2), substituted "20 percent or more" for "more than 20 percent".

Subsec. (g)(1)(A). Pub. L. 97-34, §422(c)(1), redesignated cl. (i) as cl. (i)(I), substituted "any portion" for

"one-third or more in value", added cl. (i)(II), substituted in cl. (ii) "the aggregate of such distributions, sales, exchanges, or other dispositions and withdrawals equals or exceeds 50 percent of the value of such interest" for "aggregate withdrawals of money and other property from the trade or business, an interest in which qualifies under subsection (a)(1), made with respect to such interest, equal or exceed one-third of the value of such trade or business" and in provision following cl. (ii) substituted "the unpaid portion" for "any unpaid portion".

Subsec. (g)(1)(D). Pub. L. 97-34, §422(c)(3), inserted provision for application of a similar rule in the case of a series of subsequent transfers of the property by reason of death so long as each transfer is to a member of the family of the transferor in such transfer.

Subsec. (g)(3). Pub. L. 97-34, §422(c)(2), substituted as heading "Failure to make payment of principal or interest" for "Failure to pay installment", designated existing provisions as subpar. (A), and in subpar. (A) as so designated, substituted "Except as provided in subparagraph (B), if any payment of principal or interest" for "If any installment" and "extension of time" for "extension of time for the payment of such installment", and added subpar. (B).

1978—Subsec. (b)(2)(D). Pub. L. 95-600, §512(a), added subpar. (D).

Subsec. (b)(7). Pub. L. 95-600, §512(b), added par. (7).

#### EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by Pub. L. 105-206 effective, except as otherwise provided, as if included in the provisions of the Taxpayer Relief Act of 1997, Pub. L. 105-34, to which such amendment relates, see section 6024 of Pub. L. 105-206, set out as a note under section 1 of this title.

#### EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105-34 applicable to estates of decedents dying after Dec. 31, 1997, with special rule in case of estate of any decedent dying before Jan. 1, 1998, with respect to which there is an election under section 6166 of this title, see section 503(d) of Pub. L. 105-34, set out as a note under section 163 of this title.

#### EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 applicable to generation-skipping transfers (within the meaning of section 2611 of this title) made after Oct. 22, 1986, except as otherwise provided, see section 1433 of Pub. L. 99-514, set out as an Effective Date note under section 2601 of this title.

#### EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by section 544(b)(4) of Pub. L. 98-369 applicable to estates of decedents which are required to file returns on a date (including any extensions) after July 18, 1984, see section 544(d) of Pub. L. 98-369, set out as a note under section 2002 of this title.

Section 1021(e) of Pub. L. 98-369, as amended by Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095, provided that:

"(1) IN GENERAL.—The amendments made by this section [amending this section] shall apply with respect to estates of decedents dying after the date of the enactment of this Act [July 18, 1984].

"(2) SPECIAL RULE.—

"(A) IN GENERAL.—At the election of the executor, if—

"(i) a corporation has 15 or fewer shareholders on June 22, 1984, and at all times thereafter before the date of the decedent's death, and

"(ii) stock of such corporation is included in the gross estate of the decedent,

then all other corporations all of the stock of which is owned directly or indirectly by the corporation described in clauses (i) and (ii) shall be treated as one corporation for purposes of section 6166 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954].

"(B) EFFECT OF ELECTION.—Any executor who elects the application of this paragraph shall be treated as