

For purposes of the preceding sentence, the CPI for any calendar year is the average of the Consumer Price Index as of the close of the 12-month period ending on September 30 of such calendar year.

(h) Regulations

(1) In general

The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including—

(A) regulations providing that where, by reason of varying rates of interest, conditional interest payments, waivers of interest, disposition of the lender's or borrower's interest in the loan, or other circumstances, the provisions of this section do not carry out the purposes of this section, adjustments to the provisions of this section will be made to the extent necessary to carry out the purposes of this section,

(B) regulations for the purpose of assuring that the positions of the borrower and lender are consistent as to the application (or non-application) of this section, and

(C) regulations exempting from the application of this section any class of transactions the interest arrangements of which have no significant effect on any Federal tax liability of the lender or the borrower.

(2) Estate tax coordination

Under regulations prescribed by the Secretary, any loan which is made with donative intent and which is a term loan shall be taken into account for purposes of chapter 11 in a manner consistent with the provisions of subsection (b).

(Added Pub. L. 98-369, div. A, title I, §172(a), July 18, 1984, 98 Stat. 699; amended Pub. L. 99-121, title II, §§201, 202, Oct. 11, 1985, 99 Stat. 511-513; Pub. L. 99-514, title V, §511(d)(1), title XVIII, §§1812(b)(2)-(4), 1854(c)(2)(B), Oct. 22, 1986, 100 Stat. 2248, 2834, 2879; Pub. L. 100-647, title I, §§1005(c)(15), 1018(u)(48), Nov. 10, 1988, 102 Stat. 3393, 3593; Pub. L. 104-188, title I, §§1602(b)(7), 1704(t)(58), 1906(c)(2), Aug. 20, 1996, 110 Stat. 1834, 1890, 1916; Pub. L. 105-34, title III, §312(d)(1), Aug. 5, 1997, 111 Stat. 839; Pub. L. 105-206, title VI, §6023(30), July 22, 1998, 112 Stat. 826.)

AMENDMENTS

1998—Subsec. (f)(2)(B). Pub. L. 105-206 substituted “forgone” for “foregone”.

1997—Subsec. (f)(11)(A). Pub. L. 105-34 substituted “section 121” for “section 1034”.

1996—Subsec. (a)(1), (2). Pub. L. 104-188, §1704(t)(58)(A), substituted “forgone” for “foregone”.

Subsec. (e). Pub. L. 104-188, §1704(t)(58)(B), substituted “forgone” for “foregone” in heading.

Subsec. (e)(2). Pub. L. 104-188, §1704(t)(58), substituted “Forgone” for “Foregone” in heading and “forgone” for “foregone” in introductory provisions of text.

Subsec. (f)(8). Pub. L. 104-188, §1906(c)(2), inserted “, 643(i),” before “or 1274” in heading and text.

Subsec. (f)(12). Pub. L. 104-188, §1602(b)(7), struck out par. (12) which read as follows: “SPECIAL RULE FOR CERTAIN EMPLOYER SECURITY LOANS.—This section shall not apply to any loan between a corporation (or any member of the controlled group of corporations which includes such corporation) and an employee stock ownership plan described in section 4975(e)(7) to the extent

that the interest rate on such loan is equal to the interest rate paid on a related securities acquisition loan (as described in section 133(b)) to such corporation.”

1988—Subsec. (d)(1)(E)(i). Pub. L. 100-647, §1005(c)(15), directed substitution of “section 163(d)(4)” for “section 163(d)(3)”, which substitution had been previously made by Pub. L. 99-514, §511(d)(1).

Subsec. (f)(11), (12). Pub. L. 100-647, §1018(u)(48), redesignated former par. (11), Pub. L. 99-514, relating to special rule for certain employer security loans, as (12).

1986—Subsec. (d)(1)(E)(i). Pub. L. 99-514, §511(d)(1), substituted “section 163(d)(4)” for “section 163(d)(3)”.

Subsec. (f)(2)(B). Pub. L. 99-514, §1812(b)(4), inserted “, compounded semiannually” before the period at end.

Subsec. (f)(5). Pub. L. 99-514, §1812(b)(3), amended par. (5) generally. Prior to amendment, par. (5) read as follows: “The term ‘demand loan’ means any loan which is payable in full at any time on the demand of the lender. Such term also includes (for purposes other than determining the applicable Federal rate under paragraph (2)) any loan which is not transferable and the benefits of the interest arrangements of which is conditioned on the future performance of substantial services by an individual.”

Subsec. (f)(9). Pub. L. 99-514, §1812(b)(2), amended par. (9) generally, inserting the subpar. (A) designation and adding subpar. (B).

Subsec. (f)(11). Pub. L. 99-514, §1854(c)(2)(B), added par. (11) relating to special rule for certain employer security loans.

1985—Subsec. (c)(1). Pub. L. 99-121, §201(c)(1), inserted “and subsection (g)” after “this subsection” in provisions preceding subpar. (A).

Subsec. (c)(1)(E). Pub. L. 99-121, §201(c)(2), substituted “(C), or (F)” for “or (C)”.

Subsec. (c)(1)(F). Pub. L. 99-121, §201(b), added subpar. (f).

Subsec. (f)(11). Pub. L. 99-121, §202, added par. (11) relating to time for determining rate applicable to employee relocation loans.

Subsecs. (g), (h). Pub. L. 99-121, §201(a), added subsec. (g) and redesignated former subsec. (g) as (h).

EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105-34 applicable to sales and exchanges after May 6, 1997, with certain exceptions, see section 312(d) of Pub. L. 105-34, set out as a note under section 121 of this title.

EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by section 1602(b)(7) of Pub. L. 104-188 applicable to loans made after Aug. 20, 1996, with exception and provisions relating to certain refinancings, see section 1602(c) of Pub. L. 104-188, set out as an Effective Date of Repeal note under former section 133 of this title.

Amendment by section 1906(c)(2) of Pub. L. 104-188 applicable to loans of cash or marketable securities made after Sept. 19, 1995, see section 1906(d)(3) of Pub. L. 104-188, set out as a note under section 643 of this title.

EFFECTIVE DATE OF 1988 AMENDMENT

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

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by section 511(d)(1) of Pub. L. 99-514 applicable to taxable years beginning after Dec. 31, 1986, see section 511(e) of Pub. L. 99-514, set out as a note under section 163 of this title.

Amendment by sections 1812(b)(2)-(4) and 1854(c)(2)(B) of Pub. L. 99-514 effective, except as otherwise provided, as if included in the provisions of the Tax Reform Act of 1984, Pub. L. 98-369, div. A, to which such amendment relates, see section 1881 of Pub. L. 99-514, set out as a note under section 48 of this title.