

TITLE 26 - INTERNAL REVENUE CODE**Subtitle A - Income Taxes****CHAPTER 1 - NORMAL TAXES AND SURTAXES****Subchapter T - Cooperatives and Their Patrons****PART I - TAX TREATMENT OF COOPERATIVES****§ 1381. Organizations to which part applies****(a) In general**

This part shall apply to—

- (1) any organization exempt from tax under section 521 (relating to exemption of farmers' cooperatives from tax), and
- (2) any corporation operating on a cooperative basis other than an organization—
 - (A) which is exempt from tax under this chapter,
 - (B) which is subject to the provisions of—
 - (i) part II of subchapter H (relating to mutual savings banks, etc.), or
 - (ii) subchapter L (relating to insurance companies), or
 - (C) which is engaged in furnishing electric energy, or providing telephone service, to persons in rural areas.

(b) Tax on certain farmers' cooperatives

An organization described in subsection (a)(1) shall be subject to the taxes imposed by section 11 or 1201.

(c) Cross reference

For treatment of income from load loss transactions of organizations described in subsection (a)(2)(C), see section 501 (c)(12)(H).

(Added Pub. L. 87-834, § 17(a), Oct. 16, 1962, 76 Stat. 1045; amended Pub. L. 108-357, title III, § 319(d), Oct. 22, 2004, 118 Stat. 1472.)

Amendments

2004—Subsec. (c). Pub. L. 108-357 added subsec. (c).

Effective Date of 2004 Amendment

Amendment by Pub. L. 108-357 applicable to taxable years beginning after Oct. 22, 2004, see section 319(e) of Pub. L. 108-357, set out as a note under section 501 of this title.

Effective Date

Section 17(c) of Pub. L. 87-834, as amended by Pub. L. 99-514, § 2, Oct. 22, 1986, 100 Stat. 2095, provided that:

“(1) For the cooperatives.—Except as provided in paragraph (3), the amendments made by subsections (a) and (b) [enacting this subchapter, amending sections 521 and 6072 of this title, and repealing section 522 of this title] shall apply to taxable years of organizations described in section 1381(a) of the Internal Revenue Code of 1986 [formerly I.R.C. 1954] (as added by subsection (a)) beginning after December 31, 1962.

“(2) For the patrons.—Except as provided in paragraph (3), section 1385 of the Internal Revenue Code of 1986 (as added by subsection (a)) shall apply with respect to any amount received from any organization described in section 1381(a) of such Code, to the extent that such amount is paid by such organization in a taxable year of such organization beginning after December 31, 1962.

“(3) Application of existing law.—In the case of any money, written notice of allocation, or other property paid by any organization described in section 1381 (a)—

“(A) before the first day of the first taxable year of such organization beginning after December 31, 1962, or

MEASURE: HB 3058
 EXHIBIT: C
 HOUSE REVENUE COMMITTEE
 DATE: 2/17/2011 PAGES: 2
 SUBMITTED BY: CHRIS ALLANACH

NB: This unofficial compilation of the U.S. Code is current as of Jan. 4, 2010 (see <http://www.law.cornell.edu/uscode/uscp rint.html>).

“(B) on or after such first day with respect to patronage occurring before such first day,
the tax treatment of such money, written notice of allocation, or other property (including the tax treatment of gain or loss on the redemption, sale, or other disposition of such written notice of allocation) by any person shall be made under the Internal Revenue Code of 1986 without regard to subchapter T of chapter 1 of such Code [this subchapter].”