FEDERAL TAX REGULATIONS

1986

IN FORCE JANUARY 1, 1986

Kept To Date

Through

U. S. Code Congressional and Administrative News

Volume 3

ST. PAUL, MINN. WEST PUBLISHING CO.

CHRISTIAN SCIENCE PRACTITIONERS

Income tax, self-employment income,

Application for exemption, § 1.1402(e)-2A et seq. Election for coverage, §§ 1.1402(c)-6, 1.1402(e)(1)-1

CHURCHES

Income tax,

Charitable deductions, individuals, § 1.170-2

Pension, profit sharing, stock bonus and annuity plans, election to have participation, vesting and funding provisions apply, § 1.410(d)-1

CIGARS AND CIGARETTES

Tobacco, generally, this index

CIRCULATION EXPENDITURES

Income tax deductions, § 1.173-1

CITRUS GROVES

Income tax, deduction, capital expenditures, incurred in planting and developing, § 1.278-1

CIVIC ORGANIZATIONS

Income tax, exempt, organizations, § 1.501(c)(4)-1

CLAIM OF RIGHT

Income tax, restoration of amounts received or accrued, § 1.1341-1

CLAIMS

Generally, § 601.324

Refunds and Credits, generally, this index

CLASS LIFE SYSTEMS

Income tax, depreciation,

Property placed in service after December 31, 1970,

§§ 1.167(m)-1, 1.167(a)-11

Property placed in service before January 1, 1971, § 1.167(a)-12

CLASS YEAR PLANS

Income tax, pension, profit sharing, stock bonus and annuity plans, § 1.411(d)-3

CLASSIFICATION OF TAXES

Principal divisions, § 601.102

CLASSIFICATION TEST

Income tax, pension, profit sharing, stock bonus and annuity plans, § 1.410(b)-1

CLAY

Income tax, determination of gross income, § 1.9004–1 et

Refractory products production, income tax, § 1.9005-1 et seq.

CLEARING LAND

Farmers expenditures, income tax, election to deduct or capitalize, § 1.263(a)-3

CLEARING LAND EXPENDITURES

Farmers, income tax deduction, § 1.182-1 et seq.

CLERGYMEN

Income Tax, this index

Withholding income tax at source, § 31.3401(a)(9)-1

CLIENT OR CUSTOMER

Travel, entertainment and gift expenses, reporting and substantiation of persons other than employees, § 1.274–5

CLOSELY HELD BUSINESS

Estate tax,

Extension of time for payment, § 301.6166-1 Special lien, election, § 301.6324A-1

CLOSING AGREEMENTS

Generally, § 301.7121-1

Rulings, etc., § 601.202

CLUB DUES

Accounting, § 301.7512-1

COAT

Income tax, gain or loss on disposal with retained economic interest, § 1.631-3

Leases, bonus or advanced royalty, recomputation, § 601.201

COAL MINES

Certified safety equipment, amortization, §§ 1.187-1, 1.187-2

COCONUT OIL

Special rules, § 301.6417-1

COIN-OPERATED DEVICES

Gaming devices, excise taxes, collection by revenue stamp, § 601.404

Income tax, credit for investment, § 1.48-1

COLLAPSIBLE CORPORATIONS

Defined, § 1.341–2

Income tax,

Application of section, § 1.341-5

Complete liquidation, § 1.341-1

Definitions, § 1.341-2

Determination, § 1.341-5

Disposition of stock, consenting corporations, § 1.341-7

Limitations on gain, § 1.341-4

Liquidations, exceptions, application of section, § 1.341-6

Partial liquidation, § 1.341-1

Presumptions, § 1.341-3

Section 341 assets defined, § 1.341-2

70-percent rule, § 1.341-4

Stock ownership rules, limitations, § 1.341-4

Stock sales, consenting corporations, § 1.341-7

Three-year rule, § 1.341-4

COLLECTION

Delinquent court ordered child support obligations, treasury department, powers and duties, § 301.6305-1

Foreign items, licenses, § 301.7231-1

COLLECTION OF TAX

Civil action, § 301.7401-1

Collection authority, § 301.6301-f

Collection functions, § 601.104

Commercial banks, use, § 301.6302-1

Demand for tax, § 301.6303-1

Distilled spirits, § 601.302

Distraint, seizure of property, §§ 301.6331-1, 301.6331-2 Exemptions,

Insolvent banks and trust companies, § 301.7507-1 et

Levy or distraint, wages and other income, § 301.6334-2

Federal reserve banks, use of, § 301.6302-1

Functions, § 601.104

```
-
```

INCOME TAX—Cont'd Capital gains and losses-Cont'd Section 1232, deposits in financial institutions, § 1.1232-3A Securities dealers, § 1.1236-1 Small business corporation, tax imposed on certain capital gains, § 1.1378-1 et seq. Straddles, special rule for grantors, § 1.1234-2 Subdivided real property, sale, § 1.1237-1 Termination payment, capital gains treatment, § 1.1240-1 Capital loss carryover, § 1.1212-1 Care of dependents, expenses, taxpayers who may qualify for deduction, § 1.214-1 Carrybacks, Capital loss carryovers and carrybacks, § 1.1212-1 Credit. Investment in depreciable property, § 1.46-2 Work incentive program expenses, § 1.50A-2 Foreign taxes on foreign mineral income allowed as credit, § 1.901-3 New jobs credit, § 1.53-1 Taxable years prior to January 1, 1966, § 1.1502-19A Temporary adjustment, § 1.6411-1 et seq. Unused foreign tax, §§ 1.904-2, 1.904-3 Applications to section 904(f) dividends, § 1.904-5 Unused investment credit, § 1.46-2 Carrying charges, election to deduct or capitalize, § 1.263(a)-3 Carryovers, Capital loss carryovers and carrybacks, § 1.1212-1 Charitable contributions, § 1.170A-10 Corporations, § 1.170A-11 Corporate organizations and reorganizations, § 1.381(a)-1 et sea. Credit, Investment in depreciable property, § 1.46-2 Work incentive program expenses, § 1.50A-2 DISC tax attributes, § 1.996-7 Foreign taxes on foreign mineral income allowed as credit, § 1.901-3 Inventories, § 1.381(c)(5)-1 Minimum tax for tax preferences, § 1.56-5 New jobs credit, § 1.53-1 Unused foreign tax, §§ 1.904-2, 1.904-3 Unused investment credit, § 1.46-2 Cash, allocation by cooperatives, § 1.61-5 Cash receipts and disbursements method of accounting, § 1.446-1 Taxable year of deduction, § 1.461-1 Casualty loss, Deduction, §§ 1.165-7, 1.270-1 Net operating loss of taxpayer other than corporation, § 1.172-3 Nonresident alien deduction, § 1.873-1 Cemetery companies and crematoria, Exemption, $\S 1.501(c)(13)-1$ Perpetual care funds, estates and trusts, deductions, §§ 1.642(i)-1, 1.642(i)-2 Certificates of compliance, departing aliens, § 1.6851-2 Certification, personal injuries or sickness, § 1.105-6 Chambers of commerce, exempt organizations, § 1.501(c)(6)-1 Change in rates, Applicable to taxable year, § 1.1-3 During taxable year, § 1.21-1

Change of annual accounting period, § 1.442-1

Change of election, § 1.4-2

INCOME TAX-Cont'd Changes in investing schedule, pension, profit sharing, stock bonus and annuity plans, § 1.411(a)-8 Changes to effectuate F.C.C. policy, § 1.1071-1 et seq. Alternative elections, § 1.1071-2 Election. Manner of election, § 1.1071-4 Nature and effect, § 1.1071-2 Reduction of basis of property, § 1.1071-3 Manner of election, § 1.1071-4 Nature of election, § 1.1071-2 Reduction, basis of property pursuant to election, § 1.1071-3 Charitable contributions, Corporate distributions and adjustments, carryovers, § 1.381(c)(19)-1 Corporations, § 1.170-3 Deduction, §§ 1.170-1, 1.170-2, 1.170A-1 et seq. Community trusts, contributions, § 1.170A-9 Consolidated charitable contributions, § 1.1502-24 Estates and trusts, § 1.681(a)-1 et seq. Individuals, § 1.170–2 Nonexempt private foundations, § 1.642(c) 4 Partnerships, § 1.702-1 Returns, requirements, § 1.170A-13 Charitable organizations, Dividends, credit or exclusion, § 1.34-3 Exempt organizations, § 1.501(c)(3)-1 Gain or loss from bargain sale, § 1.1011-2 Returns, § 1.6012-2 Charities, payment to charitable, etc., organizations on behalf of person rendering services, § 1.61-2 Child care services, necessary for gainful employment, credit against tax, § 1.44A-1 et seq. Children. Alimony trust designated for support of minor children, § 1.682(a)-1 Services, gross income, § 1.73-1 China Trade Act Corporations, this index Christian Science practitioner, Application for exemption, self-employment tax, § 1.1402(e)-2A et seq. Election for self employment coverage, § 1.1402(e)(1)-1 Definition, charitable deductions, § 1.170-2 Pension, profit sharing, stock bonus and annuity plans, election to have participation, vesting and funding provision apply, § 1.410(d)-1 Citizens becoming nonresident aliens, § 1.871-13 Citizens of United States residing or traveling abroad, extension of time for filing returns, § 1.6081-2 Claim of right, restoration of amounts received or accrued, § 1.1341-1 Claims for refunds, § 301.6402-3 Class year plans, pension, profit sharing, stock bonus and annuity plans, § 1.411(d)-3 Classes of gross income, § 1.861-8 Classification of recipients, annuities, endowment and life insurance contracts, § 1.72-1 Classification test, pension, profit sharing, stock bonus and annuity plans, § 1.410(b)-1 Clay, brick, tile and fire clay, § 1.9004-1 et seq.

Clay and quartzite used in production of refractory prod-

ucts, § 1.9005-1 et seq.

```
INCOME TAX-Cont'd
```

Reduction in amount of foreign taxes on foreign mineral income amount as credit, § 1.901-3

Reforestation expenditures, amortization, § 1.194-1 et seq. Refractory products, quartzite and clay used in production, § 1.9005-1 et seq.

Refunds and credits,

Claim of right, amounts received or accrued, § 1.1341-1 Expenses of work incentive programs, §§ 1.40-1, 1.50A-1

Foreign currency, § 301.6316-8 Insolvent banks, § 301.7507-6

Interest on overpayment, § 301.6611-1

Investment in depreciable property, §§ 1.38-1, 1.46-1 et seq.

Section 38 property, §§ 1.38-1, 1.46-1 et seq.

Special rules, § 301.6402-3

State and local income taxes, reporting requirements, § 1.6050E-1

Regulated Investment Companies, this index

Rehabilitated buildings, qualified rehabilitated buildings, section 38 property, § 1.46-11

Related taxpayers,

Gains or loss from disposition of property, depreciable property, §§ 1.1239-1, 1.1239-2

Expenses and interest with respect to transactions, deductions disallowed, § 1.267(a)-1

Expenses and interest with respect to transactions between, § 1.267(b)-1

Constructive ownership of stock, § 1.267(c)-1 Mitigation of effect of limitations, § 1.1313(c)-1

Religious associations or corporations, exemption, § 1.501(d)-1

Rental value, parsonages, § 1.107-1

Rentals, deductions, § 1.162-11

Rents, this index

Repairs, deductions, § 1.162-4

Preparers of returns, § 1.6060-1

State and local income tax refunds, § 1.6050E-1 Repossessions,

Deferred-payment sale of real property not on installment method, § 1.453-6

Sale of real property treated on installment method, § 1.453-5

Research and experimental expenditures, gain or loss on disposition of property, § 1.1016-5

Reserves, loan losses,

Banks, loans, § 1.585-1 et seq.

Small business investment companies, and business development corporations, §§ 1.586-1, 1.586-2

Residence of taxpayer,

Credit for purchase, § 1.44-1 et seq.

Foreign Law community income, § 1.981-1

Involuntary conversion, gain or loss, § 1.1033(a)-3

Moving attributable to employment or self-employment, payment or reimbursement of expenses, § 1.82-1

Reacquisition and resale of residence, gain or loss, § 1.1038-2

Sale or exchange, § 1.1034-1

Adjustments to basis for determining gain or loss, § 1.1016-5

Age, individual attaining age of of fifty-five, § 1.121-1 et seq.

Deduction of losses, § 1.165-9

Individual attaining age 65, § 1.121-1 et seq. Residential energy credit, § 1.44C-1 et seq.

INCOME TAX-Cont'd

Residential real estate management association, exempt organizations, § 1.528-1 et seq.

Residents or citizens of United States, § 1.1-1

Nonresident aliens, change of status, § 1.871-13

Restoration, amounts received or accrued under claim of right, § 1.1341-1

Restoration of credit, investment in depreciable property, § 1.50-1

Restricted stock options of employees, § 1.421-1 et seq.

Retail merchants, inventories, § 1.471-8

Retired pay of employees, § 1.61-2

Retirement and pensions, individual retirement accounts or annuities, § 1.408-1 et seq.

Deductions, § 1.219-1

Retirement bonds, qualified bond purchase plans, § 1.405-3 Retirement income,

Aged persons, credits against tax, § 1.37-1 et seq. Partners, self-employment income, § 1.1402(a)-17

Wage continuation plans, § 1.105-6

Exclusion, payments after retirement age, § 1.72-15

Retirement payments to retired partners, self-employment income, § 1.1402(a)-17

Retirement plans for benefit of employees, qualified bond purchase plan, § 1.405-1 et seq.

Retirement-Straight Line Adjustment Act of 1958,

Adjusted basis, §§ 1.1016-1, 1.9001-1 et seq.

Adjustments required in computing excess profits credit, § 1.9001-4

Basis adjustments for taxable years beginning on or after 1956, § 1.9001-2

Basis adjustments for taxable years between change over date in 1956, § 1.9001-3

Definitions, § 1.9001-1

Returns, §§ 1.6012-1 et seq., 301.6001-1

See, also, Returns, generally, this index Accounting records, § 1.446-1

Additions to tax, § 301.6651-1 et seq.

Aged persons, counseling, § 601.801 et seq.

Amendment of declaration, return as, § 1.6015(f)-1

Automatic extension of time for filing,

Corporate income tax returns, § 1.6081-3 Individual income tax return, § 1.6081-4

Banks, common trust funds, § 1.6032-1

Border exchanges, § 1.6045-1

Brokers, §§ 1.6045-1, 1.6045-2

Charitable contributions, requirements, § 1.170A-13

China Trade Act corporations, income tax due dates postnored in C 1 (072 2

Citizens of United States residing or traveling abroad, extension of time for filing returns, § 1.6081-2

Composite return in lieu of specified form, § 1.6012-5 Computations on, § 1.6102-1

Taxpayer not making computations, § 301.6014-1

Consolidated Returns, this index

Controlled taxpayer, separate or consolidated returns, § 1.482-1

Corporation liquidations,

Information, § 1.332-6

Qualified electing shareholder, § 1.333-5

Corporations,

Estimated tax, § 301.6016-1

Required to make returns of income, § 1.6012-2 Declaration of estimated income tax, §§ 1.6015(f)-1,

301.6015-1

TAX COURT-Cont'd

Petition, § 601.103

Deficiency assessment, redetermination, § 301.6213-1 Limitations on assessment and collection, § 301.6512-1

Petition for review, § 301.7483-1

Publicity of proceedings, § 301.7461-1

Reports, public records, § 301.7461-1

Review of decisions, § 301.7482-1

TAX EXEMPT TRUSTS

Withholding income tax at source, § 31.3401(a)(12)-1

TAX INFORMATION AUTHORIZATION

Alcohol and tobacco tax activities, § 601.523 et seq. Tax court of United States, cases docketed, § 601.509

TAX RETURN

Definition, § 301.7216-1

TAX RETURN INFORMATION

Definition, § 301.7216-1

TAX RETURN PREPARER

Definition, § 301.7216-1

TAXABLE ESTATE

Income tax, defined, § 1.303-2

TAXABLE INCOME

Definition,

Controlled foreign corporation income tax, § 1.953-4

Virgin Islands income tax, § 1.934-1

Derived from farming, definition, income tax deduction, § 1.182-5

Determination, controlled foreign corporation, § 1.952-2

Foreign investment company, income tax, computation and distribution, § 1.1247-2

Real estate investment trusts, income tax, § 1.857-2

TAXABLE STATUS

Income tax, election of small business corporation, § 1.1371-1 et seq.

TAXABLE YEARS AFFECTED

Mutual life insurance companies, income tax, §§ 1.821-2, 1.822-4

TAXPAYERS SUITS

Periods of limitation, § 301.6532-1

TECHNICAL ADVICE

Requests to national office, procedural rules, § 601.105

TELEPHONE AND TELEGRAPH COMPANIES

Communications tax, § 601.403

Income tax, source of income, § 1.863-5

TELEPHONE COMPANIES

Income tax exemption, § 1.501(c)(12)-1

TELEVISION

Films and tapes, income tax investment credit, § 1.48-8

TEN-PERCENT STANDARD DEDUCTION

Income tax, individuals, § 1.141-1

TENTATIVE CARRYBACK ADJUSTMENTS

Income tax, § 1.6411-1 et seq.

Assessment period, § 301.6501(m)-1

TERMINAL RAILROAD CORPORATIONS

Computation of taxable income, § 1.281-1 et seq.

TERMINATION

Income tax, pension, profit sharing, stock bonus and annuity plans, § 1.411(d)-2

TERMINATION ASSESSMENTS

Review of jeopardy and termination assessment procedures, § 301.7429-1 et seq.

TERMS FOR YEARS

Valuation,

Estate tax, §§ 20.2031-7, 20.2031-10 Gift tax, §§ 25.2512-5, 25.2512-9

TERRITORIES

Income tax, gross income, exclusion of interest upon obligations of, § 1.103-1

THEATRES AND SHOWS

Income tax, investment credit, § 1.48-8

THEFT LOSSES

Income tax deduction, § 1.165-8

THIRD PARTY SUMMONSES

Income tax, records, special procedures, § 301.7609-1 et seg.

TILE CLAY

Income tax, determination of gross income, § 1.9004-1 et seq.

TIMBER AND LUMBER

Income tax, reforestation expenditures, amortization, § 1.194-1 et seq.

TIME

Collection of tax, § 301.6302-1

Income tax,

Election to be treated as DISC corporations, § 1.992-2 Participation, pension, profit sharing, stock bonus and annuity plans, § 1.410(a)-4

Mailing, timely mailing as timely filing, § 301.7502-1
Return deemed filed and tax considered paid, limitations on assessment and collection, § 301.6513-1

TIPS

Employee tips, income tax, accounting, § 1.451-1 Employment Taxes, this index Withholding Taxes, generally, this index

TITLE HOLDING COMPANIES

Income tax, business income of certain exempt organizations, § 1.511-2

TOBACCO

Abatement, claims for, § 601.315

Assessments, §§ 601.314, 601.323

Abatement, § 601.315

Additional or delinquent taxes, § 601.315

Bonding requirements, § 601.312

Bureau of alcohol, tobacco and firearms, procedural rules, § 601.101

Check, payment of tax, § 301.6311-1

Collection of taxes, § 601.313

Compromise offers, § 601.316

Conditions to allowance, § 301.6423-1

Credit of tax, disaster losses, § 601.316

Drawback claims, administrative remedies, § 601.315

Drawback of tax, § 601.312

Forms and instructions, § 601.318

Imposition of tax, § 601.311

WHOLLY TAX-EXEMPT INTEREST

Mutual insurance companies, income tax, § 1.822-1 Deductions from gross investment income, § 1.822-5

WIDOWS AND WIDOWERS

Income tax, charitable contributions, § 1.170-2

WIN EXPENSES

Income tax, credit for work incentive program expenses, §§ 1.40-1, 1.50A-1 et seq.

WINDFALL PROFIT TAX

Generally, § 601.405

WINE

Abatement, claims for, § 601.303
Advertising, § 601.301
Bottling of taxpaid wine, § 601.301
Check, payment of tax, § 301.6311-1
Drawback of tax, § 601.301
Claims, preparation and filing, § 601.304
Imposition of tax, § 601.301
Labeling, § 601.301

Low wines, remission, claims for, preparation and filing, § 601.304

Nonindustrial use, § 601.301

WINE MAKERS

Qualification requirements, § 601.301

WIRE SERVICES

Communications tax, § 601.403

WITHHOLDING INCOME TAX

China Trade Act corporations, § 1.943-1

WITHHOLDING TAXES

Accounts and accounting, Collected taxes, § 301.7512-1

Separate accounting for certain collected taxes, § 31.7512-1

Acts to be performed by agents, § 31.3504-1

Additional records under Federal Unemployment Tax Act, § 31.6001-4

Additional withholding, § 31.3402(i)-1

Adjustments, § 601.401

Over withholding of tax, § 1.1461-4

Underpayments, § 31.6205-1

Agents,

Two or more employers, § 31.3402(g)-3

Withholding agents, § 1.1441-7

Agricultural labor, § 31.3401(a)(2)-1

Allowances for minimized deductions, § 31.3402(m)-1

Amounts deemed wages under voluntary withholding agreements, § 31.3401(a)-3

Annualized wages, basis, § 31.3402(h)(2)-1

Annuities,

Payments, § 31.3402(o)-2

Plans, § 31.3401(a)(12)-1

Application of provisions,

Agents, general provisions, § 1.1465-1

Bond interest, ownership certificates, § 1.1461-1

Credit to recipient of income, § 1.1462-1

General provisions relating to agents, § 1.1465-1

Ownership certificates for bond interest, § 1.1461-1

Payment of withheld tax, § 1.1461-3

Recipient of income, tax paid by, § 1.1463-1

Refunds or credits, § 1.1464-1

Tax paid by recipient of income, § 1.1463-1

Withheld tax as credit to recipient of income, § 1.1462-1

```
WITHHOLDING TAXES-Cont'd
```

Armed forces, § 31.3401(a)(1)-1

Average wages, basis, § 31.3402(h)(1)-1

Averaged estimated tips, basis, § 31.3402(h)(1)-1

Bank for international settlement, § 1.1441-4

Bars and taverns, tips, reporting requirements, § 31.6053-3

Annualized wages, § 31.3402(h)(2)-1

Average wages, § 31.3402(h)(1)-1

Cumulative wages, § 31.3402(h)(3)-1

Other methods, § 31.3402(h)(4)-1

Bracket withholding, § 31.3402(c)-1

Canadians, § 31.3401(a)(7)-1

Cash remuneration for service not in the course of employ-

er's trade or business, § 31.3401(a)(4)-1

Citizens performing services outside the United States, § 31.3401(a)(8)(A)-1

Collection functions, 9 601.104

College clubs, § 31.3401(a)(3)-1

Companion setting placement service, § 31.3506-1

Composite return in lieu of specified form, § 31.6011(a)-8

Credit, § 31.6414-1

Cumulative wages, basis, § 31.3402(h)(3)-1

Decreases, § 31.3402(i)-2

Definitions,

Employee, § 31.3401(c)-1

Employer, § 31.3401(d)-1

Payroll period, § 31.3401(b)-1

Dismissal payments, § 31.3401(a)-1

Dividends.

Separate accounting, § 31.7512-1

Domestic service, § 31.3401(a)(3)-1

Earned income credit, advance payments, §§ 31.3507-1, 31.3507-2

Employee defined, § 31.3401(c)-1

Employees incurring no income tax liability, § 31.3402(n)-1

Employer defined, § 31.3401(d)-1

Employment Taxes, generally, this index

Excluded wages, § 31.3402(e)-1

Exclusions from wages, § 31.3401(a)-2

Exemption certificates, § 31.3402(f)(2)-1 et seq.

Effective period, § 31.3402(f)4-2

Interest, dividends and patronage dividends, § 31.3452(f)-1

Remaining in effect, § 31.3402(f)(4)-1

Exemptions, § 31.3402(f)(1)-1

Number claimed, § 31.3401(e)-1

Extension of time for filing returns, § 31.6081(a)-1

Failure to withhold, § 31.3402(d)-1

False information, fines and penalties, § 31.6682-1

Fees paid public official, § 31.3401(a)-2

Fiduciaries,

Interest, dividends and patronage dividend withholding, application law, § 3453(c)-1

Two or more employers, § 31.3402(g)-3

Final returns, § 31.6011(a)-6

Fines and penalties, false information, § 31.6682-1

Fishing, $\S 31-3401(a)(17)-1$

Foreign central bank of issue, § 1.1441-4

Foreign countries, § 31.3401(a)(5)-1

Services performed outside United States by citizen or resident, § 31.3401(a)(18)-1

Foreign tax credits, conditions of allowance, § 1.905-2

Form of exemption certificate, § 31.3402(f)(5)-1

Fraternities, domestic service, § 31.3401(a)(3)-1

Gambling winnings, § 31.3402(q)-1

Government depositaries, § 31.6302(c)-1 Governmental employer, return and payment, § 31.3404-1