

Internal Revenue Code Section 453B(f)(2)

Gain or loss on disposition of installment obligations.

(f) Obligation becomes unenforceable. For purposes of this section, if any installment obligation is canceled or otherwise becomes unenforceable—

(1) the obligation shall be treated as if it were disposed of in a transaction other than a sale or exchange, and



(2) if the obligor and obligee are related persons (within the meaning of section 453(f)(1)), the fair market value of the obligation shall be treated as not less than its face amount.