

### Internal Revenue Code Section 453(a)

Installment method.



- (a) General rule. Except as otherwise provided in this section, income from an installment sale shall be taken into account for purposes of this title under the installment method.
- (b) Installment sale defined. For purposes of this section—
  - (1) In general. The term "installment sale" means a disposition of property where at least 1 payment is to be received after the close of the taxable year in which the disposition occurs.
  - (2) Exceptions. The term "installment sale" does not include—
    - (A) Dealer dispositions. Any dealer disposition (as defined in subsection (l)).
    - (B) Inventories of personal property. A disposition of personal property of a kind which is required to be included in the inventory of the taxpayer if on hand at the close of the taxable year.
- (c) Installment method defined. For purposes of this section, the term "installment method" means a method under which the income recognized for any taxable year from a disposition is that proportion of the payments received in that year which the gross profit (realized or to be realized when payment is completed) bears to the total contract price.
- (d) Election out.
  - (1) In general. Subsection (a) shall not apply to any disposition if the taxpayer elects to have subsection (a) not apply to such disposition.
  - (2) Time and manner for making election. Except as otherwise provided by regulations, an election under paragraph (1) with respect to a disposition may be made only on or before the due date prescribed by law (including extensions) for filing the taxpayer's return of the tax imposed by this chapter for the taxable year in which the disposition occurs. Such an election shall be made in the manner prescribed by regulations.
  - (3) Election revocable only with consent. An election under paragraph (1) with respect to any disposition may be revoked only with the consent of the Secretary.