

Internal Revenue Code Section 453(f)(6)

Installment method

(f) Definitions and special rules. For purposes of this section—

(1) Related person. Except for purposes of subsections (g) and (h), the term "related person" means—

(A) a person whose stock would be attributed under section 318(a) (other than paragraph (4) thereof) to the person first disposing of the property, or

(B) a person who bears a relationship described in section 267(b) to the person first disposing of the property.

(2) Marketable securities. The term "marketable securities" means any security for which, as of the date of the disposition, there was a market on an established securities market or otherwise.

(3) Payment. Except as provided in paragraph (4), the term "payment" does not include the receipt of evidences of indebtedness of the person acquiring the property (whether or not payment of such indebtedness is guaranteed by another person).

(4) Purchaser evidences of indebtedness payable on demand or readily tradable. Receipt of a bond or other evidence of indebtedness which—

(A) is payable on demand, or

(B) is readily tradable, shall be treated as receipt of payment.

(5) Readily tradable defined. For purposes of paragraph (4), the term "readily tradable" means a bond or other evidence of indebtedness which is issued—

(A) with interest coupons attached or in registered form (other than one in registered form which the taxpayer establishes will not be readily tradable in an established securities market), or

(B) in any other form designed to render such bond or other evidence of indebtedness readily tradable in an established securities market.

 (6) Like-kind exchanges. In the case of any exchange described in section 1031(b)—

- (A) the total contract price shall be reduced to take into account the amount of any property permitted to be received in such exchange without recognition of gain,
 - (B) the gross profit from such exchange shall be reduced to take into account any amount not recognized by reason of section 1031(b), and
 - (C) the term "payment", when used in any provision of this section other than subsection (b)(1), shall not include any property permitted to be received in such exchange without recognition of gain. Similar rules shall apply in the case of an exchange which is described in section 356(a) and is not treated as a dividend.
- (7) Depreciable property. The term "depreciable property" means property of a character which (in the hands of the transferee) is subject to the allowance for depreciation provided in section 167.
- (8) Payments to be received defined. The term "payments to be received" includes—
- (A) the aggregate amount of all payments which are not contingent as to amount, and
 - (B) the fair market value of any payments which are contingent as to amount.