

Chapter 01 Constructive Receipt of Income

- 100 Income which is credited to the account of, or set apart, for a taxpayer and which may be used by the taxpayer at any time is subject to tax for the year during which the income is credited or set apart, even though the taxpayer does not have direct possession. To constitute receipt, the income must be credited or set apart to the taxpayer without any substantial limitation or restriction as to the time or the manner of payment or condition upon which payment is to be made, and must be made available to be drawn at any time, and its receipts brought within the taxpayer's control and disposition.
- 101 If interest coupons have matured and are payable, but have not been cashed, such interest, though not collected when due and payable, shall be included in gross income for the year during which the coupons mature, unless it can be shown that there are no funds available for payment of interest during such year. The interest shall be included in gross income even though the coupons are exchanged for other property instead of eventually being cashed. The amount of defaulted coupons is income for the year in which paid.
- 102 Dividends on corporate stock are subject to tax when unqualifiedly made subject to the demand of the shareholder. If a dividend is declared payable on December 31, and the corporation mailed the checks so that the shareholder would not receive them until January of the following year, the dividends are not considered to have been subject to the demand of the shareholders prior to January, when the checks were actually received.
- 103 Interest credited on saving bank deposits is income to the depositor when credited. An amount credited to shareholders of a building and loan association, when such credit passes without restriction to the shareholder, has a taxable status as income for the year of the credit. If the shares are restricted by a maturity date, the amount credited will be income to the recipient when the shares mature, providing they are not available for withdrawal prior to maturity.
- 104 In the case of a taxpayer reporting income on a cash basis, there should be included in gross income only actual and constructive receipts of income. Taxpayers reporting on the accrual basis must include in gross income amounts received by them or accrued to them.
- 105 (Reserved)

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