

POWERS OF APPOINTMENT

JUNE 20 (legislative day, JUNE 7), 1950.—Ordered to be printed

Mr. GEORGE, from the Committee on Finance, submitted the following

REPORT

[To accompany H. J. Res. 480]

The Committee on Finance, to whom was referred the joint resolution (H. J. Res. 480) extending the time for release, free of estate and gift tax, of certain powers, having considered the same, report favorably thereon without amendment and recommend that the joint resolution do pass.

GENERAL STATEMENT

The joint resolution extends to July 1, 1951, the period for tax-free release of powers of appointment created on or before October 21, 1942, the effective date of the Revenue Act of 1942. The Revenue Act of 1942 made a number of significant changes in the treatment, under the estate and gift taxes, of property which is subject to a power of appointment created by a person other than the holder of the power. However, in order to enable holders of previously created powers to adjust their affairs in the light of the new legislation, it was provided that such persons could release their powers within a prescribed period of time without incurring any tax liability. This period of grace has been kept open by several extensions since the enactment of the Revenue Act of 1942 because of the difficulties persons have encountered in making the desired adjustments and the need for additional time to consider possible changes in the 1942 legislation, particularly in connection with preexisting powers. Prior laws have extended the time for release of such powers to July 1, 1950. It is believed by your committee that the extension provided under the resolution should be granted in order to permit further amendments when tax revision is considered.

Your committee in granting this extension is of the opinion that no further extension should be hereafter granted. It is believed that the studies on this matter have been completed, and that the whole subject can now be taken up when the committee considers tax revision.

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CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the joint resolution are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

REVENUE ACT OF 1942

SEC. 403. POWERS OF APPOINTMENT * * *

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(d) Powers with respect to which amendments not applicable.—

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(3) The amendments made by this section shall not apply with respect to any power to appoint created on or before the date of the enactment of this Act if it is released before July 1, [1950] 1951, or within the time limited by paragraph (2) in cases to which such paragraph is applicable; or if the decedent dies before July 1, [1950] 1951, or within the time limited by paragraph (2) in cases to which such paragraph is applicable, and such power is not exercised.

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SEC. 452. POWERS OF APPOINTMENT * * *

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(c) Release Before July 1, [1950] 1951.—

(1) A release of a power to appoint before July 1, [1950] 1951, shall not be deemed a transfer of property by the individual possessing such power.

(2) This subsection shall apply to all calendar years prior to [1950] 1951, and to that part of the calendar year [1950] 1951 prior to July 1, [1950] 1951.

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