

AMENDMENT OF SECTION 345 OF THE REVENUE ACT OF 1951

JULY 29, 1955.—Ordered to be printed

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

R E P O R T

[To accompany H. R. 2619]

The Committee on Finance, to whom was referred the bill (H. R. 2619) to amend section 345 of the Revenue Act of 1951, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

By virtue of this act, the Committee on Finance accepts the report of the Committee on Ways and Means, which is as follows:

PURPOSE OF THE BILL

This bill provides that if a credit or refund under section 345 of the Revenue Act of 1951 of the tax on the income of certain trusts was barred by operation of law or rule of law (other than a closing agreement or compromise), credit or refund is nevertheless to be allowed if the claim is filed within 1 year of the date of enactment of this bill. No interest is to be allowed or paid on such refunds or credits. The trusts referred to are those where the income had been accumulated for the benefit of servicemen killed on active duty during the period December 7, 1941, to January 1, 1948.

REASONS FOR BILL

Section 345 of the Revenue Act of 1951 provided for a credit or refund of the tax paid on the income of trusts where the income had been accumulated for a member of the military or naval forces of the United States or of one of the other United Nations if the serviceman died in active service in the period December 7, 1941, to January 1, 1948.

No relief was provided in the 1951 act, however, for cases where refunds or credits were barred by the expiration of the period of limitations, by prior court decisions, or for other similar reasons. Your committee is of the opinion that this failure was an oversight, and it believes that it is only equitable to extend treatment equivalent to that provided in section 345 of the Revenue Act of 1951 to cases where refunds or credits were barred by operation of law or rule of law (other than closing agreements or compromises).

It is believed that the revenue loss resulting from the enactment of this bill will be negligible.

This bill has been reported unanimously by your committee.