

CERTAIN RAILROAD REORGANIZATIONS AND INSOLVENCY PROCEEDINGS

JUNE 1, 1956.—Ordered to be printed

Mr. COOPER, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 7247]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7247) to amend the Internal Revenue Code of 1954 with respect to the treatment of gain in certain railroad organizations, having met after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2 and 3.

Amendment numbered 1:

That the House recede from its disagreement to the Senate amendment numbered 1, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 4. The table of sections for part IV of subchapter C of chapter 1 of the Internal Revenue Code of 1954 is hereby amended by adding at the end thereof the following:

"Sec. 374. Gain or loss not recognized in certain railroad reorganizations."

SEC. 5. Section 108 (b) of the Internal Revenue Code of 1954 (relating to income of a railroad corporation from discharge of indebtedness) is hereby amended by striking out "December 31, 1955" and inserting in lieu thereof "December 31, 1957".

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same with an amendment as follows:

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Amend the title so as to read: "An Act relating to recognition of gain or loss in certain railroad reorganizations and to amend section 108 (b) of the Internal Revenue Code of 1954."

And the Senate agree to the same.

JERE COOPER,
W. D. MILLS,
NOBLE J. GREGORY,
DANIEL A. REED,

THOMAS A. JENKINS,
Managers on the Part of the House.

HARRY F. BYRD,
ROBERT S. KERR,
J. ALLEN FREAR, Jr.,
E. D. MILLIKIN,
EDWARD W. MARTIN,
By HARRY F. BYRD,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7247) to amend the Internal Revenue Code of 1954 with respect to the treatment of gain in certain railroad reorganizations submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: Subsection (b) of section 108 of the Internal Revenue Code of 1954 provides that no amount is to be included in gross income by reason of the discharge of indebtedness of a railroad corporation, if the discharge is effected pursuant to a court order issued in a receivership proceeding or in a proceeding under section 77 of the Bankruptcy Act. The last sentence of such subsection now provides, however, that this provision will not apply to any discharge of indebtedness occurring in a taxable year beginning after December 31, 1955.

Senate amendment No. 1 extended the applicability of section 108 (b) to any discharge of indebtedness occurring in a taxable year beginning after December 31, 1955, and before January 1, 1958.

The House recedes with an amendment which inserts the language contained in Senate amendment No. 1 and also makes a clerical amendment to a table of sections in the 1954 Code.

Amendment No. 2: Senate amendment No. 2 added a new section 5 to the bill which proposed to amend section 723 of the Internal Revenue Code of 1939 (relating to the computation of equity invested capital in special cases under the World War II excess-profits tax) with respect to certain recapitalizations of railroad corporations. The Senate recedes.

In acting on this amendment it was the understanding of all the conferees, both on the part of the Senate and on the part of the House, that the action taken is without prejudice as to the merits of the Senate amendment.

Amendment No. 3: Senate amendment No. 3 provided an effective date for the provision added by Senate amendment No. 2. The Senate recedes.

JERE COOPER,
W. D. MILLS,
NOBLE J. GREGORY,
DANIEL A. REED,
THOMAS A. JENKINS,

Managers on the Part of the House.

