

CONTRIBUTIONS TO MEDICAL RESEARCH ORGANIZATIONS

JULY 25 (legislative day, JULY 16), 1956.—Ordered to be printed

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

R E P O R T

[To accompany H. R. 12152]

The Committee on Finance, to whom was referred the bill (H. R. 12152) to amend the Internal Revenue Code of 1954 to provide for the allowance, as deductions, of contributions to medical research organizations, 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:

I. PURPOSE OF BILL

The purpose of this bill is to raise the charitable contribution limit for individuals from 20 to 30 percent of adjusted gross income in the case of certain contributions to medical research organizations in the same manner as the limit for contributions to educational institutions, hospitals, and churches was increased by the 1954 code. The contributions to medical research organizations that will qualify under this bill are only those made to organizations directly engaged in the continuous active conduct of medical research in conjunction with a hospital and only if during the calendar year in which the contribution is made such organization is committed to spend such contributions for such research before January 1 of the fifth calendar year beginning after the date of the contribution.

II. GENERAL STATEMENT

Under present law the additional 10 percent of the taxpayer's adjusted gross income which may be allowed as a deduction for contributions to "a hospital referred to in section

503 (b) (5)" does not extend to contributions to medical research organizations referred to in section 503 (b) (5) although these organizations may be directly engaged in the continuous active conduct of medical research in conjunction with a hospital. Under your committee's bill this restriction would be removed to the extent that an organization which is engaged in medical research would be treated in the same manner as a hospital for purposes of the allowance of deductions by contributors who donate to such an organization; however, in order to insure that the contribution is actually devoted to medical research, the bill would provide that the additional 10 percent be permitted only if the organization is committed to spend the contribution for the active conduct of medical research in conjunction with a hospital before January 1 of the fifth calendar year beginning after the date the contribution is made.

Section 2 provides that the amendment made by this act shall apply only with respect to taxable years beginning after December 31, 1955.

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 bill 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):

SECTION 170 OF THE INTERNAL REVENUE CODE OF 1954

SEC. 170. CHARITABLE, ETC., CONTRIBUTIONS AND GIFTS.

(a) Allowance of Deduction.—

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(b) LIMITATIONS.—

(1) INDIVIDUALS.—In the case of an individual the deduction provided in subsection (a) shall be limited as provided in subparagraphs (A), (B), (C), and (D).

(A) SPECIAL RULE.—Any charitable contribution to—

(i) a church or a convention or association of churches,

(ii) an educational organization referred to in section 503 (b) (2), or

(iii) a hospital, referred to in section 503 (b) (5) or to medical research organization (referred to in section 503 (b) (5)) directly engaged in the continuous active conduct of medical research in conjunction with a hospital, if during the calendar year in which the contribution is made such organization is committed to spend such contributions for such research before January 1 of the fifth calendar year which begins after the date such contribution is made;

shall be allowed to the extent that the aggregate of such contributions does not exceed 10 percent of the taxpayer's adjusted gross income computed without regard to any net operating loss carryback to the taxable year under section 172.