

FURLOUGH TRAVEL TAX EXEMPTION

JUNE 26 (legislative day, JUNE 21), 1957.—Ordered to be printed

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

R E P O R T

[To accompany H. R. 7954]

The Committee on Finance, to whom was referred the bill (H. R. 7954) relating to the exemption of furlough travel by service personnel from the tax on the transportation of persons, 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:

GENERAL STATEMENT

Under existing law, a 10-percent excise tax is levied on amounts paid for the taxable transportation of any person. Liability for the tax is imposed on the person paying for the transportation.

An exemption from this tax presently is provided for personnel of the United States Army, Air Force, Navy, Marine Corps, and Coast Guard (including authorized cadets and midshipmen) traveling in uniform of the United States at their own expense while on official leave, furlough, or pass, if they are traveling on round-trip tickets sold to them under special tariffs providing for fares of not more than 2.025 cents per mile. This exemption has been in effect without substantive change since enactment of Public Law 878 (81st Cong.) on December 15, 1950.

An amendment to this exemption now is necessary because effective July 1, 1957, the current round-trip rail tariffs for service personnel traveling under the stated conditions are to be increased to slightly more than 2.025 cents per mile. As a result, a change is required in the amount specified in the transportation tax exemption for service personnel if this exemption is to be effective after July 1, 1957. Your commit-

tee believes that the tax relief now provided for such travel is eminently desirable, and that action should be taken to prevent the existing exemption from becoming ineffectual.

To accomplish this, the bill, H. R. 7954, will amend section 4263 (e) of the Internal Revenue Code by setting the mileage rate limit on fares eligible for the exemption described above at 2.5 cents per mile. It is understood that while most of the new special tariffs will provide fares of 2.25 cents or 2.277 cents per mile, the rate in a few instances will be 2.475 cents. Adopting a limit of 2.5 cents per mile will assure the availability of exemption to all service personnel for round-trip furlough travel under the prescribed conditions.

Your committee is unanimous in favorably reporting this bill.

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):

INTERNAL REVENUE CODE OF 1954

Sec. 4261. Imposition of tax.

(a) AMOUNTS PAID WITHIN THE UNITED STATES.—There is hereby imposed upon the amount paid within the United States for taxable transportation (as defined in section 4262) of any person by rail, motor vehicle, water, or air a tax equal to 10 percent of the amount so paid.

(b) AMOUNTS PAID OUTSIDE THE UNITED STATES.—There is hereby imposed upon the amount paid without the United States for taxable transportation (as defined in section 4262) of any person by rail, motor vehicle, water, or air, but only if such transportation begins and ends in the United States, a tax equal to 10 percent of the amount so paid.

* * * * *

Sec. 4263. Exemptions.

* * * * *

(e) MEMBERS OF THE ARMED FORCES.—The tax imposed by section 4261 shall not apply to the payment for transportation or facilities furnished under special tariffs providing for fares of not more than **[2.025]** 2.5 cents per mile applicable to round-trip tickets sold to personnel of the United States Army, Air Force, Navy, Marine Corps, and Coast Guard traveling in uniform of the United States at their own expense when on official leave, furlough, or pass, including authorized cadets and midshipmen, issued on presentation of properly executed certificate.

