

PERSONAL EXEMPTIONS IN CASE OF AMERICAN
SAMOANS

OCTOBER 16, 1972.—Ordered to be printed

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

CONFERENCE REPORT

[To accompany H.R. 1467]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 1467) to amend the Internal Revenue Code of 1954 with respect to personal exemptions in the case of American Samoans, 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 4 and 7.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, and 3, and 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.

Amendment numbered 5:

That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows:

On page 3, line 22, of the Senate engrossed amendments, strike out "4" and insert: 3; and the Senate agree to the same.

Amendment numbered 6:

That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows:

On page 4, line 2, of the Senate engrossed amendments, strike out "5" and insert: 4; and the Senate agree to the same.

RUSSELL B. LONG,
CLINTON ANDERSON,
WALLACE F. BENNETT,

Managers on the Part of the Senate.

W. D. MILLS,
AL ULLMAN,
JAMES A. BURKE,
JOHN W. BYRNES,
JACKSON E. BETTS,

Managers on the Part of the House.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 1467) to amend the Internal Revenue Code of 1954 with respect to personal exemptions in the case of American Samoans, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

Amendments Numbered 1 and 2: The bill as passed by the House extends the present law definition of a "dependent" for purposes of claiming an income tax personal exemption to include nationals of the United States who otherwise would qualify as dependents but for the fact that they are not citizens of the United States. The bill as passed by the House also eliminates the provision of existing law which limits an individual who is a national but not a citizen of the United States to one personal exemption. In practice these changes will have application to American Samoans. Under the bill as passed by the House, these changes were to be effective for taxable years beginning after 1970.

Senate amendments numbered 1 and 2 makes these changes effective for taxable years beginning after 1971 rather than after 1970.

The House recedes.

Amendment numbered 3: Senate amendment numbered 3 removes a discrimination in existing law against the spouse of an employee in a community property State who dies before the employee. Generally, an estate tax exclusion is provided for the proportion of the value of a survivor annuity to the extent it is attributable to the contributions of the employer. In a common law State where the nonemployee (often the wife) dies first, no value representing the employer's contributions is included in her estate tax base. In a community property State, however, as a result of the operation of community property laws, half of the value of an annuity is included in the estate tax base of the nonemployee spouse even though attributable to employer contributions. The Senate amendment removes this discrimination against a nonemployee spouse in a community property State.

The House recedes.

Amendment numbered 4: Under existing law (sec. 809(d)(5) of the Internal Revenue Code of 1954), in computing the gain from operations of a life insurance company, a deduction is allowed in an amount equal to 3 percent of the premiums attributable to nonparticipating contracts of life, accident, and health insurance issued or renewed for periods of 5 years or more. Senate amendment numbered 4 provided that, for this purpose, the period for which any contract is issued or renewed was to include the period for which it is guaranteed renewable.

The Senate recesses.

Amendment numbered 5: Senate amendment numbered 5 extends for 2 years (until January 1, 1973) the provision of the Technical Amendments Act of 1958 which provides that a deduction for accrued vacation pay is not to be denied solely because the liability for it to a specific person has not been fixed or because the liability for it to each individual cannot be computed with reasonable accuracy. For a corporation to obtain this deduction the employee must have performed the qualifying service necessary under a plan or policy which provides for vacations with pay to qualified employees and the plan or policy must have been communicated to the employees involved before the beginning of the vacation year.

The House recesses with a clerical amendment.

Amendment numbered 6: Under existing law, an itemized deduction is allowable for State and local general sales taxes. Generally, a general sales tax must apply at a uniform rate, but existing law permits the rate of a sales tax on motor vehicles to be lower than the general sales tax rate. If the rate of a State or local sales tax on motor vehicles is higher than the general sales tax rate no part of the tax paid is deductible.

Senate amendment numbered 6 provides that, where the rate of a State or local sales tax on motor vehicles is higher than the general sales tax rate, that part of the tax paid which is equal to a tax imposed at the general sales tax rate will be deductible. This change is to apply to taxable years ending on or after January 1, 1971.

The House recesses with a clerical amendment.

Amendment numbered 7: Senate amendment numbered 7 amended the effective date of section 308 of the Revenue Act of 1971, which provided that capital gains and stock option income which is attributable to foreign sources is to be treated as receiving preferential treatment for purposes of the minimum tax if the foreign country imposes no significant amount of tax with respect to these items of income. This provision was made applicable by the 1971 Act to taxable years beginning after 1969 (the effective date of the minimum tax). Senate amendment numbered 7 made this provision inapplicable in certain cases to transfers in which delivery occurred before June 25, 1971.

The Senate recesses.

RUSSELL B. LONG,
CLINTON ANDERSON,
WALLACE F. BENNETT,

Managers on the Part of the Senate.

W. D. MILLS,
AL ULLMAN,
JAMES A. BURKE,
JOHN W. BYRNES,
JACKSON E. BETTS,

Managers on the Part of the House.

