Calendar No. 461

96TH CONGRESS
1st Session

SENATE

REPORT
No. 96-433

FRINGE BENEFIT REGULATIONS

NOVEMBER 29, 1979.—Ordered to be printed

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

REPORT

[To accompany H.R. 5224]

The Committee on Finance, to which was referred the bill (H.R. 5224) to continue the existing prohibition on the issuance of fringe benefit regulations, through May 31, 1981, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is shown in the text of the bill in italic.

House bill.—H.R. 5224 as it passed the House extends the existing prohibition on the issuance of regulations relating to the taxation of employee fringe benefits until June 1, 1981, extends the existing prohibition on the issuance of rulings or regulations with respect to the deductibility of certain commuting or transportation expenses paid or incurred prior to June 1, 1981, and extends, for 3 additional years, provisions relating to the tax treatment of travel expenses incurred by State legislators while away from home.

Committee bill.—The committee amendment deletes the provision relating to the tax treatment of travel expenses incurred by State legislators and adds provisions relating to the simplification of certain tax procedure rules and the extension of other provisions which are about to expire. The provisions added by the committee are contained in H.R. 5505, which was passed by the House on November 1, 1979. The Subcommittee on Taxation and Debt Management Generally of the Committee on Finance held public hearings on June 22, 1979, on a bill, S. 1062, which contains the simplification amendments.

I. SUMMARY

In general, H.R. 5224 contains changes in the Federal tax laws to extend provisions which are about to expire and to simplify certain procedural provisions. The following is a section-by-section summary of the bill as reported by the committee.

Section 1. Employee fringe benefits

This section prohibits the issuance of final regulatons under Code section 61, relating to taxation of employees fringe benefits, before June 1, 1981, and the issuance of proposed or final regulations on that subject which would be effective before June 1, 1981.

Section 2. Commuting expenses

This section prohibits the issuance of Treasury (or Internal Revenue Service) rulings on final regulations with respect to the deductibility of certain commuting or transportation expenses paid or incurred before June 1, 1981.

Section 3. Payment of interest on wrongful levies

This section provides for the payment of interest when the Internal Revenue Service administratively determines that a wrongful levy of property has been made and money is returned to the owner of the property.

Section 4. Repeal of requirement that transferors of certain property to exempt organizations most file returns

This section repeals the requirement that a person, who transfers income-producing property valued at more than $50,000 to an exempt organization, must file an information return if the organization is known to be subject to tax on unrelated business income.

Section 5. Repeal of addition to tax in the case of certain jeopardy assessments

This section repeals the 25-percent penalty imposed when a taxpayer violates or attempts to violate the special termination of taxable year jeopardy assessment provisions under present law.

Section 6. Repeal of requirement that information be furnished to the IRS in connection with certain stock options

This section repeals the requirement that information relating to certain qualified and restricted stock options be furnished to the Internal Revenue Service.

Section 7. Time for filing certain gift tax returns

This section provides that the due date for filing a gift tax return for the fourth calendar quarter or the calendar year is April 15 of the following year. Thus, the gift tax return due date would be consistent with the income tax due date for calendar year taxpayers. This section also provides that an extension for filing an income tax return will automatically extend the time for filing the fourth quarter or annual gift tax return.

Section 8(a). Uniformed Services Health Professions Scholarships

This section extends for one year the exclusion from gross income for amounts received by participants in the Uniformed Services Health Professions Scholarship program. As extended, the exclusion will be available to students entering the program in 1980 and to amounts received by them through 1984.

Section 8(b). National Research Service Awards

This section extends the scholarship exclusion for National Research Service Awards for one year to apply to awards first made in 1980.

Section 8(c). Expenditures to remove architectural and transportation barriers to the handicapped and elderly

This section extends for 3 years, through December 31, 1982, the election to deduct annually up to $25,000 in capital costs incurred during the taxable year for the removal of architectural and transportation barriers to the handicapped and elderly.

Section 8(d). Interim relief for independent contractor status controversies

This section extends for one year, through December 31, 1980, the interim relief provided by the Revenue Act of 1978 with respect to independent contractor status controversies.

Section 8(e). Postponement of effective date for special limitations on net operating loss carryovers

This section defers for 2 years the effective date for provisions under the Tax Reform Act of 1976 relating to special limitations on net operating loss carryovers. These provisions would be deferred until January 1, 1982, with respect to tax-free reorganizations and until June 30, 1982, with respect to taxable acquisitions.

II. EXPLANATION OF PROVISIONS

A. Employee Fringe Benefits (sec. 1 of the bill and sec. 61 of the Code)

Present law

Section 61 of the Internal Revenue Code defines gross income as including "all income from whatever source derived" and specifies that it includes "compensation for services". The regulations (§ 1.61–2 (a) (1)) provide that income includes compensation for services paid for other than in money. Further, the Supreme Court has stated that section 61 "is broad enough to include in taxable income any economic or financial benefit conferred on the employee as compensation whatever the form or mode by which it is effected."[1] In actual practice, however, the "economic benefit" test has not been rigidly followed. Thus, where compensation is paid in some form other than cash, the issue as to taxability has been resolved by statutes, regulations, and administrative rulings which take account of several different factors.

Some fringe benefits, such as the provision of health insurance by an employer for its employees, are expressly excluded from gross income by the Internal Revenue Code; others are excluded by legislation outside the Code; and yet other exclusions are based on judicial authority or on administrative practice. For example, some fringe benefits have been excluded under administrative practice on the basis of a *de minimis* principle, i.e., accounting for the benefits of small value would be unreasonable or administratively impractical. Other items are excluded due to a combination of valuation difficulties and widely held perceptions that the items do not constitute income.

[1] *Commissioner* v. *Smith*, 324 U.S. 177, 181 (1945).

In 1975, the Treasury Department issued a discussion draft of proposed regulations [2] which contained a number of rules for determining whether various fringe benefits constitute taxable compensation. Under the principles contained in the discussion draft, some employee fringe benefits which, as a matter of prior administrative practice, had not been considered to be taxable compensation would have been treated as subject to tax. Other benefits which might be viewed as taxable compensation would not have been taxed under the discussion draft's proposed rules. The discussion draft was withdrawn by the Treasury Department on December 28, 1976.[3] Thus, the question of whether, and what, employee fringe benefits result in taxable income to employees generally continues to depend on the facts and circumstances in each individual case.

In 1978, Public Law 95–427 was enacted to prohibit the Treasury Department from issuing final regulations, under section 61 of the Code, relating to the income tax treatment of fringe benefits prior to 1980. The Act further provided that no regulations relating to the treatment of fringe benefits under section 61 were to be proposed which would be effective prior to 1980.

Reasons for change

Although the use of fringe benefits has increased in recent years, few comprehensive or generally applicable income tax rules have been developed. As a result, there has been an inevitable lack of uniformity of treatment of taxpayers who receive different types of benefits even though the benefits may have approximately the same economic value.

The appropriate income tax treatment of various fringe benefits has led to a number of problems aside from the issue of whether a benefit constitutes taxable compensation. Although there are differences between includible "compensation" for income tax purposes and "wages" for payroll tax purposes, the terms are used interchangeably. Thus, employers may be presented with the question of whether employment taxes should be withheld from an employee's wages because of non-cash benefits being provided to employees.[4] In addition, both taxpayers and the Internal Revenue Service must face difficult problems of valuing benefits provided in kind.

While the committee recognizes that the Internal Revenue Service constantly is reexamining the treatment of fringe benefits in accordance with its obligations to enforce the tax laws, the committee also recognizes that it is primarily the responsibility of the Congress to legislate tax policy. The committee believes that a proper review of these issues requires a longer period of time than is available under Public Law 95–427.

Explanation of provision

The bill provides that the Treasury Department (Internal Revenue Service) is precluded from issuing final regulations, under section 61, relating to the income tax treatment of fringe benefits prior to June 1, 1981. In addition, no regulations relating to the treatment of fringe

---

[2] 40 Fed. Reg. 4118 (Sept. 5, 1975).
[3] 41 Fed. Reg. 56334 (Dec. 28, 1976).
[4] For a recent discussion of differences between the terms "income" and "wages," see *Central Illinois Power Service Co.* v. *United States*, 435 U.S. 21, 98 S. Ct. 917 (1978).

benefits under section 61 are to be proposed which would be effective prior to June 1, 1981. While the bill would prevent the IRS from deviating from the present administration of the income tax laws as they concern the taxation of fringe benefits as compensation, the bill would not prevent the IRS from continuing to study the question of the appropriate tax treatment of fringe benefits.

Although the provisions of this bill relate only to the issuance of regulations, it is still the intent of the committee that the Treasury Department will not alter, or deviate from, in any significant way, the historical treatment of fringe benefits through the issuance of revenue rulings or revenue procedures, etc.

Effective date

The provision is effective upon enactment.

Revenue effect

This provision would continue present administrative practice and thus would have no effect on budget receipts.

B. Commuting Expenses (sec. 2 of the bill, Rev. Rul. 76–453, and secs. 62, 162, and 262 of the Code)

Present law

In general, a taxpayer is allowed a deduction for ordinary and necessary expenses paid or incurred in carrying on a trade or business. This includes transportation expenses incurred in the pursuit of a trade or business. However, no deduction is allowed for personal, living, or family expenses, including the cost of commuting to and from work. Problems have arisen in delineating between transportation expenses which are considered to be nondeductible personal commuting expenses and other transportation expenses which are deductible business expenses. Generally, transportation expenses are not deductible if the taxpayer is going to his principal place of work from his residence or is returning to his home from his principal place of work. On the other hand, transportation expenses to temporary worksites other than the taxpayer's principal place of work often are deductible as a business expense.

On November 22, 1976, the IRS published Revenue Ruling 76–453 (1976–2 C.B. 86) which states that a taxpayer's transportation expenses incurred in traveling between the taxpayer's residence and place of work, even though temporary, will be nondeductible commuting expenses, regardless of the nature of the work performed, the distance traveled, the mode of transport, or the degree of necessity. In addition, the ruling states that reimbursement for such expenses will be considered "wages" for purposes of FICA, FUTA, and income tax withholding. The ruling was originally effective for transportation costs paid or incurred after December 31, 1976. The Service postponed the effective date of this ruling, and on September 23, 1977, announced that the ruling was suspended indefinitely and that proposed regulations inviting public comment would be issued shortly. Proposed regulations have not as yet been issued.

Public Law 95–427 was enacted in 1978 to require that the application of the income tax, FICA, FUA, and withholding provisions relating to the treatment of transportation expenses paid or incurred after 1976 and before January 1, 1980, in traveling between a tax-

payer's residence and place of work, shall be made fully in accordance with the rules in effect prior to the issuance of Revenue Ruling 76–453 on November 22, 1976. Thus, the IRS may not issue any ruling or final regulation prior to January 1, 1980, changing the tax treatment of these transportation expenses paid or incurred prior to that date.

It was intended that the provision would allow Congress time to study this matter prior to the effective date of any changes made by new regulations or ruling issued by the IRS.

Reasons for change

The committee believes that the Congress should have an additional opportunity to study this area prior to the adoption of any rules or regulations by the IRS changing the treatment of expenses for transportation between a taxpayer's residence and place of work.

Explanation of provision

The bill extends the provisions of Public Law 95–427 to apply to expenses, paid or incurred prior to June 1, 1981, for transportation between a taxpayer's residence and place of work.

Effective date

The provision is effective with respect to expenses, paid or incurred after December 31, 1979, and before June 1, 1981, for transportation between a taxpayer's residence and place of work.

Revenue effect

This provision would continue present administrative practice and thus would have no effect on budget receipts.

C. Payment of Interest on Wrongful Levies (sec. 3 of the bill and sec. 6343(b) of the Code)

Present law

Under present law, two remedies are provided for third-party owners whose property is wrongfully seized by the Internal Revenue Service for the collection of a delinquent taxpayer's liability. In general, one remedy provides an administrative procedure for the return of the property wrongfully seized (sec. 6343(b)), and the other authorizes a civil action for an injunction, the return of the property wrongfully seized, or the proceeds from the sale of the property (sec. 7426).

Under the administrative procedure, the Internal Revenue Service is authorized to return property (or the proceeds from the sale of the property) to a person when it determines that the levy was wrongful (sec. 6343(b)). Where the Service returns the property or proceeds under the administrative procedure, a person whose property was wrongfully seized is not entitled to the payment of interest for the period the Government held the property or the proceeds therefrom.

On the other hand, the payment of interest is provided if the third party prevails under the judicial remedy, sec. 7426(g)).[1]

Under this provision, interest accrues from the date the Service receives money wrongfully levied upon (or the date of the sale of prop-

[1] The general provision for payment of interest on a judgment for the overpayment of taxes is sec. 2411 of title 28 of the United States Code. The rate of interest under this provision is determined by reference to section 6621 of the Internal Revenue Code of 1954.

erty wrongfully levied upon) until the date the judgment is paid. The interest is payable at the rate generally established to be paid on the overpayment of taxes (sec. 6621).[2]

Reasons for change

The committee believes that interest should be payable where it is administratively determined by the Internal Revenue Service that a wrongful levy of property has been made and money is returned to the owner of the property by the Service.

Explanation of provision

The bill provides for the payment of interest to a person under the administrative procedure for wrongful levies. Under rules similar to those in the interest provisions for the judicial remedy, interest is to be paid if money wrongfully seized or if the proceeds from a sale of the property are returned to the owner of the property. The rate of interest is to be desterminded under the general provision for the payment of interest on overpayments of tax. In the case of a seizure of money, the period for the payment of interest begins with the date the money is seized and ends on a date (to be determined by the Secretary) not more than 30 days prior to the date when the money is returned. In the case of a payment of the proceeds from the sale of property wrongfully seized, the period for the payment of interest begins with the date of sale of the property and ends on a date (to be determined by the Secretary) not more than 30 days prior to the date when the payment to the owner is made.[3]

Effective date

This provision applies to levies made after the date of enactment of the bill.

Revenue effect

This provision will reduce budget receipts by a negligible amount.

D. Repeal of Requirement that Transferors of Certain Property to Exempt Organizations Must File Returns (sec. 4 of the bill and sec. 6050 of the Code)

Present law

Under present law, a person who transfers income-producing property valued at over $50,000 (without regard to any lien thereon) to an exempt organization must file a return (Form 4629) if the tranferor knows the recipient is the type of organization subject to tax on its unrelated business income (sec. 6050). The regulations require that the return show a description of property transferred, the date of transfer, the fair market value of the property (without regard to any lien thereon) on that date, and the amount of any mortgage or similar lien on the property immediately after the transfer. This return requirement was added by the Tax Reform Act of 1969.

---

[2] Currently, the rate of interest is 6 percent; however, under the present law provision, the IRS has determined that the rate will be 12 percent, effective on February 1, 1980 (Rev. Rul. 79-366, based on October 12, 1979).

[3] The rule relating to the date after which interest is no longer payable is similar to the rule on interest on overpayment of tax (sec. 6611(b)(2)).

Under present law, the Internal Revenue Service can require an exempt organization to maintain records and furnish information with respect to transfers of income-producing property to it (secs. 6001 and 6033). Thus, the information now required to be furnished by the transferor may also be furnished by the transferee exempt organization.

Reasons for change

The committee believes that the reporting requirement for transferors of property to exempt organizations is unnecessary and should be repealed.

Explanation of provision

The bill repeals the requirement that transferors file an information return with respect to transfers to an exempt organization.

Effective date

The provision applies to transfers of property made after the date of enactment of the bill.

Revenue effect

This provision will have no direct effect on budget receipts.

E. Repeal of Addition to Tax in the Case of Certain Jeopardy Assessments (sec. 5 of the bill and sec. 6658 of the Code)

Present law

Under present law, if the Internal Revenue Service determines that the collection of tax is in jeopardy, an assessment and collection of that tax may be made without resorting to the normal time-consuming assessment and collection procedures. For this purpose, there are two basic types of special assessments—termination assessments (sec. 6851) and jeopardy assessments (secs. 6861 and 6862). The termination assessment is limited to the assessment of income tax when the collection of income tax is in jeopardy before the end of the taxpayer's normal tax year or before the due date of return. In other income tax cases and in all cases involving other taxes, the jeopardy assessment procedures are used.

The Code (sec. 6658) provides an addition to tax equal to 25 percent of the amount of tax when a taxpayer violates or attempts to violate the termination assessment provision. No similar penalty applies to jeopardy assessments.

Reasons for change

The committee believes that the addition to tax for a violation, or attempted violation, of the termination assessment provision is unnecessary and should be repealed.

Explanation of provision

The bill repeals the 25-percent addition to tax penalty with respect to termination assessments.

Effective date

This provision applies to violations (or attempted violations) occurring after the date of enactment of this bill.

Revenue effect

This provision will reduce budget receipts by a negligible amount.

F. Repeal of Requirement that Information be Furnished to the Internal Revenue Service in Connection with Certain Stock Options (sec. 6 of the bill and sec. 6039 of the Code)

Present law

Under present law, an annual information return (Form 3921) is required to be filed with the Internal Revenue Service by a corporation which transfers a share of stock to any person pursuant to his exercise of a qualified stock option (described in sec. 422) or restricted stock option (sec. 424).[1] In addition, a return (Form 3922) is required to be filed by every corporation that records (or has its agent record) a transfer of stock which was acquired either through the exercise of an option granted under an employee stock purchase plan (sec. 423) at an exercise price between 85 percent and 100 percent of the stock's value as of the time of the grant of the option, or through the exercise of a restricted stock option (sec. 424) at an exercise price between 85 percent and 95 percent of the value of the stock as of the time of the grant of the option. (Under each of these sections, a portion of the sales price for the stock is treated as ordinary income.)

A written statement concerning information relating to these transfers must also be furnished to the persons listed on the return prior to January 31 of the year following the calendar year covered by the return.

Reasons for change

The committee believes that the requirement that the information relating to certain stock options be furnished to the Service is unnecessary and should be repealed.

Explanation of provision

The bill repeals the requirement that information relating to certain qualified and restricted stock options be furnished to the Internal Revenue Service.

Effective date

This provision applies with respect to calendar years beginning after 1979.

Revenue effect

This provision will have no direct effect on budget receipts.

G. Time for Filing Certain Gift Tax Returns (sec. 7 of the bill and sec. 6075(b) of the Code)

Present law

Under present law, a gift tax return, if required, is due on or before the 15th day of the second month following the close of the calendar quarter. Quarterly returns are required when taxable gifts made

[1] Under a provision added by section 603 of the Tax Reform Act of 1976, options exercised after May 20, 1981, will no longer be treated as qualified or restricted stock options.

during a calendar year exceed $25,000. Where all transfers made in a calendar year which are subject to the gift tax filing requirements do not exceed $25,000 in taxable gifts, a return need be filed only by the filing date for gifts made during the fourth calendar quarter of the calendar year (i.e., February 15 of the following year).

On the other hand, an individual's income tax return is due on or before the 15th day of the fourth month following the close of the taxable year. For the calendar year taxpayer, a return is due on or before April 15. In addition, the Internal Revenue Service may grant an extension of time for filing a return. Presently, the Service grants an automatic 2-month extension for individuals upon timely application and payment of the estimated tax due.

Reasons for change

Because the filing date for the gift tax return is earlier than the due date of an individual's income tax return, a timely gift tax return cannot be filed for a taxable gift if the obligation to file a gift tax return is discovered during a review of the taxpayer's financial transactions in connection with the preparation of this income tax return. The committee believes that conformity of filing dates should be made in order to allow a taxpayer's advisors to review the taxpayer's annual transactions at one time to prepare both the gift and income tax returns.

Explanation of provision

The bill provides that the due date for the fourth calendar quarter or annual gift tax return is April 15. In addition, the bill provides that an extension for filing the income tax return of a calendar year taxpaper will automatically extend the time for filing the fourth quarter or annual gift tax return.

Effective date

The provision applies to gift tax returns for calendar years ending after the date of enactment of this bill.

Revenue effect

This provision will reduce budget recipts by a negligible amount.

H. Uniformed Services Health Professions Scholarships and National Research Service Awards (subsections (a) and (b) of sec. 8 of the bill)

Present law

Uniformed Services Health Professions Scholarships

The Revenue Act of 1978 extended the exclusion provided under prior law for participants in the Uniformed Services Health Professions Scholarship programs (including the Armed Forces and Public Health Professions Scholarship programs) so that students entering the programs in 1979 could exclude amounts received under these programs through 1983. This one-year extension generally covered program participants entering medical school in 1979 for their four years of training.

National Research Service Awards

In addition, the 1978 Act provided tax-exempt scholarship treatment for National Research Service Awards made through 1979 for the duration of such awards.

Reasons for change

The committee believes that, pending the completion of a comprehensive review of the tax treatment of scholarships, the excludable treatment of amounts received under the Uniformed Services Health Professions Scholarships program and as a National Research Service Award should be continued.

Explanation of provision

The provision extends the tax exemption for participants in the Uniformed Services Health Professionals Scholarship programs with respect to students entering programs in 1980, and applies to amounts received by them through 1984.

Also, the tax-exempt scholarship treatment for National Research Service Awards is extended to awards initially made during calendar year 1980.

Revenue effect

The one-year extension of tax exemption for Uniformed Services Health Professions Scholarship programs will reduce budget receipts by less than $5 million per year for fiscal years 1980–1984.

The one-year extension of tax exemption for 1980 National Research Service Awards will reduce budget receipts by $6 million in fiscal year 1981, $6 million in fiscal year 1982, and less than $5 million in fiscal year 1983.

I. Deduction for Expenditures to Remove Architectural and Transportation Barriers to the Handicapped and Elderly (sec. 8(c) of the bill and sec. 190 of the Code)

Present law

The Tax Reform Act of 1976 provided taxpayers with an elective tax deduction for the removal of architectural and transportation barriers to the handicapped and elderly (Code sec. 190). A taxpayer may treat certain expenses for the removal of such barriers as deductible expenses in the year paid or incurred instead of capitalizing them. Deductible expenses are those paid or incurred in order to make more accessible to, and usable by, the handicapped and elderly any facility or public transportation vehicle owned or leased by the taxpayer for use in his trade or business. The maximum deduction for a taxpayer, including a controlled group of corporations filing a consolidated return for any taxable year, is $25,000.

In order to qualify for the deduction, the expenses must be for barrier removal in business facilities which the taxpayer establishes to the satisfaction of the Secretary meets standards set by the Secretary of the Treasury with the concurrence of the Architectural and Transportation Barriers Compliance Board as established by 1968 legislation.

The deduction was limited to a three-year period ending before January 1, 1980, in order that the Congress could review its effectiveness.

Reasons for change

The committee believes that it is appropriate to extend this provision for an additional period of time so that the review of the effectiveness of the provision may be completed.

Explanation of provision

This provision extends the elective deduction for expenditures to remove architectural and transportation barriers to the handicapped and the elderly for three years, to taxable years beginning before January 1, 1983.

Revenue effect

This provision will result in a reduction in budget receipts of $4 million in fiscal 1980, $10 million per year in fiscal years 1981 and 1982, and $6 million in fiscal year 1983.

J. Extension of Interim Relief in Independent Contractor Status Controversies (sec. 8(d) of the bill and sec. 530 of the Revenue Act of 1978)

Present law

The Revenue Act of 1978 provided interim relief (until January 1, 1980) for certain taxpayers involved in controversies with the Internal Revenue Service over IRS-proposed reclassifications of workers, whom the taxpayers had considered independent contractors, as employees. In general, the Act terminated taxpayers' potential liabilities for Federal income tax withholding, social security and FUTA taxes in cases where taxpayers have a reasonable basis for treating workers other than as employees. In addition, the Act prohibited the issuance of Treasury regulations and Revenue Rulings on common law employment status before January 1, 1980, while the Congress considered legislative proposals for clarifying individuals' employment tax status.

Reasons for change

The committee believes that it is appropriate to extend the interim relief provision to permit the orderly consideration of pending legislation which will provide permanent rules in this area. Although the Subcommittee on Select Revenue Measures of the House Committee on Ways and Means has held hearings on this subject and has completed the markup of a bill (H.R. 5460) providing permanent rules, it may not be possible to complete Congressional action on proposed legislation for permanent rules before 1980 because of the press of other legislative business.

Explanation of provision

This provision extends the relief period, enacted in the Revenue Act of 1978, for one year until 1981, in order to allow the Congress to complete consideration of clarifying legislation.

Revenue effect

The revenue loss of this provision cannot be estimated because it generally affects individuals whose employment tax status under the present common law rules is the subject of dispute.

K. Postponement of Effective Date for Special Limitations on Net Operating Loss Carryovers (sec. 8(e) of the bill and secs. 382 and 383 of the Code)

Present law

Prior to enactment of the Tax Reform Act of 1976, generally, if new owners purchased 50 percent or more of the stock of a loss corporation during a two-year period, the corporation's loss carryovers from prior years were allowed in full only if the corporation continued to conduct its prior trade or business or substantially the same kind of business. Generally, if the same business was not continued, however, loss carryovers were completely lost. This "purchase" rule applied where one or more of the 10 largest shareholders increased their stock ownership, within a two-year period, by 50 percentage points or more in a transaction in which the purchasers took a cost basis in their stock (except where the stock was acquired from "related" persons).

In the case of a tax-free reorganization, loss carryovers were allowed on a declining scale. If the former owners of the loss company received 20 percent or more of the fair market value of the stock of the acquiring company, the loss carryovers were allowed in full. For each percentage point less than 20 which the former owners received, the loss carryover was reduced by five percent. It was immaterial whether the business of the loss company was continued after the reorganization.

The 1976 Act extensively revised the Code provisions dealing with the carryover of net operating losses in cases of acquisitions of loss corporations. The limitations on loss carryover attributes were to apply to acquisitions made by purchase or through corporate reorganizations. The new provisions changed the basic concepts underlying the rules by deleting continuity of business requirements for purchases and establishing a new continuity of ownership test applicable to both purchases and reorganizations.

These new provisions were to apply to plans of reorganization adopted on or after January 1, 1978, and to sales or exchanges in taxable years beginning after June 30, 1978. However, the Revenue Act of 1978 extended these effective dates for two years, to January 1, 1980, and June 30, 1980.

Reasons for change

A number of technical problems concerning the 1976 revisions have been brought to the committee's attention. The committee believes that an additional period of time is necessary to complete a review of the provision.

Explanation of provision

This provision delays the effective date of the 1976 Act change for an additional two years, until January 1, 1982, with respect to plans of reorganization adopted on or after that date, or until June 30, 1982, with respect to sales or exchanges occurring in taxable years beginning after that date.

Revenue effect

The provision will reduce budget receipts by less than $5 million annually during the postponement period.

III. EFFECT OF THE BILL ON THE BUDGET AND VOTE OF THE COMMITTEE IN REPORTING THE BILL AS AMENDED

Budget effect

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the following statement is made about the effect on the budget of this bill, H.R. 5224, as amended. The committee estimates that the amendments contained in the bill will reduce budget receipts by $10 million in fiscal year 1980; $22 million in each of the fiscal years 1981 and 1982; $15 million in 1983; and $6 million in fiscal year 1984. These figurs include $3 million for each provision which has been estimated at "less than $5 million." This amount represents the mid-point between zero and $5 million, rounded upward, and is used for budgetary purposes to take into account the revenue effects of those provisions for which only range-estimates are available.

The Treasury Department agrees with this statement.

New Budget Authority and Tax Expenditures

In accordance with section 308 of the Budget Act, after consultation with the Director of the Congressional Budget Office, the committee states that the changes made to existing law by this bill involve no new budget authority or new tax expenditures but would increase existing tax expenditures as follows: the provisions relating to scholarship treatment for Uniformed Services Health Professions Scholarships and National Research Service awards by $3 million and $6 million per year, respectively; and the provision for expensing costs for removal of architectural barriers by $4 million in fiscal year 1980. For fiscal year 1980, the total increase in tax expenditures as a result of the bill is approximately $7 million.

Consultation with Congressional Budget Office on Budget Estimates

In accordance with section 403 of the Budget Act, the committee advises that the Director of the Congressional Budget Office has examined the committee's budget estimates (as indicated above) and agrees with the methodology used and the resulting revenue estimates.

Vote of the Committee

In compliance with section 133 of the Legislative Reorganization Act of 1946, the following statement is made about the vote of the committee on the motion to report the bill, as amended. The bill, H.R. 5224, as amended, was ordered favorably reported by voice vote.

IV. REGULATORY IMPACT OF THE BILL

Pursuant to rule XXIX of the Standing Rules of the Senate, as amended by S. Res. 4 (February 4, 1977), the committee makes the following statement concerning the regulatory impact that might be incurred in carrying out the provisions of this bill.

The bill does not regulate any individuals or businesses, but amends certain provisions of the tax law in order to ease compliance by taxpayers with these provisions and extends provisions which are about

to expire. The bill is not expected to have any impact on personal privacy and is not expected to involve any additional paperwork for individuals.

V. CHANGES IN EXISTING LAW

In compliance with paragraph 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown below (existing law proposed to be omitted is enclosed in black brackets, new matter is in italic, existing law in which no change is proposed is shown in roman):

ACT OF OCTOBER 7, 1978

AN ACT To prohibit the issuance of regulations on the taxation of fringe benefits, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FRINGE BENEFITS REGULATIONS.

(a) IN GENERAL.—No fringe benefit regulation shall be issued—

(1) in final form on or after May 1, 1978, and on or before [December 31, 1979] *May 31, 1981*, or

(2) in proposed or final form on or after May 1, 1978, if such regulation has an effective date on or before [December 31, 1979] *May 31, 1981.*

(b) DEFINITION OF FRINGE BENEFIT REGULATION.—For purposes of subsection (a), the term "fringe benefit regulation" means a regulation providing for the inclusion of any fringe benefit in gross income by reason of section 61 of the Internal Revenue Code of 1954.

SEC. 2. COMMUTING EXPENSES.

With respect to transportation costs paid or incurred after December 31, 1976, and on or before [December 31, 1979] *May 31, 1981*, the application of sections 62, 162, and 262 and of chapters 21, 23, and 24 of the Internal Revenue Code of 1954 to transportation expenses in traveling between a taxpayer's residence and place of work shall be determined—

(1) without regard to Revenue Ruling 76–453 (and without regard to any other regulation, ruling, or decision reaching the same result as, or a result similar to, the result set forth in such Revenue Ruling); and

(2) with full regard to the rules in effect before Revenue Ruling 76–453.

* * * * * * *

INTERNAL REVENUE CODE OF 1954

* * * * * * *

Subtitle A—Income Taxes

* * * * * * *

CHAPTER 1—NORMAL TAXES AND SURTAXES

* * * * * * *

Subtitle F—Procedure and Administration

* * * * * * *

CHAPTER 61—INFORMATION AND RETURNS

* * * * * * *

Subchapter A—Returns and Records

* * * * * * *

PART III—INFORMATION RETURNS

* * * * * * *

Subpart A—Information Concerning Persons Subject to Special Provisions

* * * * * * *

SEC. 6039. INFORMATION REQUIRED IN CONNECTION WITH CERTAIN OPTIONS

[(a) REQUIREMENT OF REPORTING.—Every corporation—

[(1) which in any calendar year transfers a share of stock to any person pursuant to such person's exercise of a qualified stock option or a restricted stock option, or

[(2) which in any calendar year records (or has by its agent recorded) a transfer of the legal title of a share of stock—

[(A) acquired by the transferor pursuant to his exercise of an option described in section 423(c) (relating to special rule where option price is between 85 percent and 100 percent of value of stock), or

[(B) acquired by the transferor pursuant to his exercise of a restricted stock option described in section 424(c)(1) (relating to options under which option price is between 85 percent and 95 percent of value of stock),

shall, for such calendar year, make a return at such time and in such manner, and setting forth such information, as the Secretary may by regulations prescribe. For purposes of the preceding sentence, any option which a corporation treats as a qualified stock option, a restricted stock option, or an option granted under an employee stock purchase plan, shall be deemed to be such an option. A return is required by reason of a transfer described in paragraph (2) of a share only with respect to the first transfer of such share by the person who exercised the option.

[(b) STATEMENTS TO BE FURNISHED TO PERSONS WITH RESPECT TO WHOM INFORMATION IS FURNISHED.—Every corporation making a return under subsection (a) shall furnish to each person whose name is set forth in such return a written statement setting forth such information as the Secretary may by regulations prescribe. The written statement required under the preceding sentence shall be furnished to the person on or before January 31 of the year following the calendar year for which the return under subsection (a) was made.

[(c) IDENTIFICATION OF STOCK.—Any corporation which transfers any share of stock pursuant to the exercise of an option described in subsection (a)(2) shall identify such stock in a manner adequate to carry out the purposes of this section.

[(d) CROSS REFERENCES.—

For definition of—

[(1) The term "qualified stock option", see section 422(b).

[(2) The term "employee stock purchase plan", see section 423(b).

[(3) The term "restricted stock option", see section 424(b).]

* * * * * * *

SEC. 6039. INFORMATION REQUIRED IN CONNECTION WITH CERTAIN OPTIONS.

(a) FURNISHING OF INFORMATION.—Every corporation—

(1) which in any calendar year transfers a share of stock to any person pursuant to such person's exercise of a qualified stock option or a restricted stock option, or

(2) which in any calendar year records (or has by its agent recorded) a transfer of the legal title of a share of stock—

(A) acquired by the transferor pursuant to his exercise of an option described in section 423(c) (relating to special rule where option price is between 85 percent and 100 percent of value of stock) or

(B) acquired by the transferor pursuant to his exercise of a restricted stock option described in section 424(c)(1) (relating to options under which option price is between 85 percent and 95 percent of value of stock),

shall (on or before January 31 of the following calendar year) furnish to such person a written statement in such manner and setting forth such information as the Secretary may by regulations prescribe.

(b) SPECIAL RULES.—For purposes of this section—

(1) TREATMENT BY EMPLOYER TO BE DETERMINATIVE.—Any option which the corporation treats as a qualified stock option, a restricted stock option, or an option granted under an employee stock purchase plan shall be deemed to be such an option.

(2) SUBSECTION (a)(2) APPLIES ONLY TO FIRST TRANSFER DESCRIBED THEREIN.—A statement is required by reason of a transfer described in subsection (a)(2) of a share only with respect to the first transfer of such share by the person who exercised the option.

(3) IDENTIFICATION OF STOCK.—Any corporation which transfers any share of stock pursuant to the exercise of any option described in subsection (a)(2) shall identify such stock in a manner adequate to carry out the purposes of this section.

(c) CROSS REFERENCES.—

For definition of—

(1) The term "qualified stock option", see section 422(b).

(2) The term "employee stock purchase plan", see section 423(b).

(3) The term "restricted stock option", see section 424(b).

* * * * * * *

Subpart B—Information Concerning Transactions With Other Persons.

* * * * * * *

[SEC. 6050. RETURNS RELATIONS TO CERTAIN TRANSFERS TO EXEMPT ORGANIZATIONS

[(a) GENERAL RULE.—On or before the 90th day after the transfer of income producing property, the transferor shall make a return in compliance with the provisions of subsection (b) if the transferee is known by the transferor to be an organization referred to in section 511 (a) or (b) and the property (without regard to any lien) has a fair market value in excess of $50,000.

[(b) FORM AND CONTENTS OF RETURNS.—The return required by subsection (a) shall be in such form and shall set forth, in respect of the transfer, such information as the Secretary prescribes by regulations as necessary for carrying out the provisions of the income tax laws.]

* * * * * * *

PART V—TIME FOR FILING RETURNS AND OTHER DOCUMENTS

* * * * * * *

SEC. 6075. TIME FOR FILING ESTATE AND GIFT TAX RETURNS.

(a) ESTATE TAX RETURNS.— * * *

(b) GIFT TAX RETURNS.—

[(1) GENERAL RULE.—Except as provided in paragraph (2), returns made under section 6019 (relating to gift taxes) shall be filed on or before the 15th day of the second month following the close of the calendar quarter.]

(1) GENERAL RULE.—Except as provided in paragraph (2), returns made under section 6019 (relating to gift taxes) shall be filed on or before—

(A) in the case of a return for the first, second, or third calendar quarter of any calendar year, the 15th day of the second month following the close of the calendar quarter, or

(B) in the case of a return for the fourth calendar quarter of any calendar year, the 15th day of the fourth month following the close of the calendar quarter.

(2) SPECIAL RULE WHERE GIFTS IN A CALENDAR QUARTER TOTAL $25,000 OR LESS.—If the total amount of taxable gifts made by a

person during a calendar quarter is $25,000 or less, the return under section 6019 for such quarter shall be filed on or before [the 15th day of the second month after] *the date prescribed by paragraph (1) for filing the return for—*

(A) [the close of] the first subsequent calendar quarter in the calendar year in which the sum of—

(i) the taxable gift made during such subsequent quarter, plus

(ii) all other taxable gifts made during the calendar year and for which a return has not yet been required to be filed under this subsection,

exceeds $25,000, or

(B) if a return is not required to be filed under subparagraph (A), [the close of] the fourth calendar quarter of the calendar year.

(3) EXTENSION WHERE TAXPAYER GRANTED EXTENSION FOR FILING INCOME TAX RETURN.—Any extension of time granted the taxpayer for filing the return of income taxes imposed by subtitle A for any taxable year which is a calendar year shall be deemed to be also an extension of time granted the taxpayer for filing the return under section 6019 for the fourth calendar quarter of such taxable year.

[(3)](*4*) NONRESIDENTS NOT CITIZENS OF THE UNITED STATES.—In the case of a nonresident not a citizen of the United States, paragraph (2) shall be applied by substituting "$12,500" for "$25,000" each place it appears.

* * * * * * *

CHAPTER 64—COLLECTION

* * * * * * *

Subchapter D—Seizure of Property for Collection of Taxes

* * * * * * *

SEC. 6343. AUTHORITY TO RELEASE LEVY AND RETURN PROPERTY.

(a) RELEASE OF LEVY.—It shall be lawful for the Secretary, under regulations prescribed by the Secretary, to release the levy upon all or part of the property or rights to property levied upon where the Secretary detemines that such action will facilitate the collection of the liability, but such release shall not operate to prevent any subsequent levy.

(b) RETURN OF PROPERTY.—If the Secretary determines that property has been wrongfully levied upon, it shall be lawful for the Secretary to return—

(1) the specific property levied upon,

(2) an amount of money equal to the amount of money levied upon, or

(3) an amount of money equal to the amount of money received by the United States from a sale of such property.

Property may be returned at any time. An amount equal to the amount of money levied upon or received from such sale may be returned at any time before the expiration of 9 months from the date of such levy.

For purposes of paragraph (3), if property is declared purchased by the United States at a sale pursuant to section 6335(e) (relating to manner and conditions of sale), the United States shall be treated as having received an amount of money equal to the minimum price determined pursuant to such section or (if larger) the amount received by the United States from the resale of such property.

(c) *INTEREST.—Interest shall be allowed and paid at an annual rate established under section 6621—*

(1) in a case described in subsection (b)(2), from the date the Secretary receives the money to a date (to be determined by the Secretary) preceding the date of return by not more than 30 days, or

(2) in a case described in subsection (b)(3), from the date of the sale of the property to a date (to be determined by the Secretary) preceding the date of return by not more than 30 days.

* * * * * * *

CHAPTER 67—INTEREST

Subchapter C—Determination of Interest Rate

* * * * * * *

SEC. 6621. DETERMINATION OF RATE OF INTEREST.

[(a) IN GENERAL.—The rate of interest under sections 6601(a), 6602, 6611(a), 6332(c)(1), and 7426(g) of this title, and under section 2411(a) of title 28 is 9 percent per annum, or such adjusted rate as is established by the Secretary under subsection (b).]

(a) IN GENERAL.—The annual rate established under this section shall be such adjusted rate as is established by the Secretary under subsection (b).

CHAPTER 68—ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND ASSESSABLE PENALTIES

* * * * * * *

* * * * * * *

SEC. 6652. FAILURE TO FILE CERTAIN INFORMATION RETURNS REGISTRATION STATEMENTS, ETC.

(a) RETURNS RELATING TO PAYMENTS OF DIVIDENDS, ETC., AND CERTAIN TRANSFERS OF STOCK.—In the case of each failure—

(1) to file a statement of the aggregate amount of payments to another person required by section 6042(a)(1) (relating to payments of dividends aggregating $10 or more), section 6044(a)(1) (relating to payments of patronage dividends aggregating $10 or more), or section 6049(a)(1) (relating to payments of interest aggregating $10 or more), *or*

[(2) to make a return required by section 6039(a) (relating to reporting information in connection with certain options) with respect to a transfer of stock or a transfer of legal title to stock, or]

[(3)](*2*) to make a return required by section 6052(a) (relating to reporting payment of wages in the form of group-term life insurance) with respect to group-term life insurance on the life of an employee,

on the date prescribed therefor (determined with regard to any extension of time for filing), unless it is shown that such failure is due to reasonable cause and not to willful neglect, there shall be paid (upon notice and demand by the Secretary and in the same manner as tax), by the person failing to file a statement referred to in paragraph (1) or failing to make a return referred to in paragraph (2) [or (3)], $10 for each such failure, but the total amount imposed on the delinquent person for all such failures during any calendar year shall not exceed $25,000.

* * * * * * *

[SEC. 6658. ADDITION TO TAX IN CASE OF JEOPARDY.

[If a taxpayer violates or attempts to violate section 6851 (relating to termination of taxable year) there shall, in addition to all other penalties, be added as part of the tax 25 percent of the total amount of the tax or deficiency in the tax.]

* * * * * * *

Subchapter B—Assessable Penalties

* * * * * * *

[SEC. 6678. FAILURE TO FURNISH CERTAIN STATEMENTS.

[In the case of each failure to furnish a statement under section 6039(b), 6042(c), 6044(e), 6049(c), or 6052(b) on the date prescribed therefor to a person with respect to whom a return has been made under section 6039(a), 6042(a)(1), 6044(a)(1), 6049(a)(1), or 6052(a), respectively, unless it is shown that such failure is due to reasonable cause and not to willful neglect, there shall be paid (upon notice and demand by the Secretary and in the same manner as tax), by the person failing to so furnish the statement, $10 for each such statement not so furnished, but the total amount imposed on the delinquent person for all such failures during any calendar year shall not exceed $25,000.]

SEC. 6678. FAILURE TO FURNISH CERTAIN STATEMENTS.

In the case of each failure—

(1) to furnish a statement under section 6042(c), 6044(e), 6049(c), or 6052(b), on the date prescribed therefor to a person with respect to whom a return has been made under section 6042(a)(1), 6044(a)(1), 6049(a)(1), or 6052(a), respectively, or

(2) to furnish a statement under section 6039(a) on the date prescribed therefor to a person with respect to whom such a statement is required,

unless it is shown that such failure is due to reasonable cause and not to willful neglect, there shall be paid (upon notice and demand by the

Secretary and in the same manner as tax) by the person failing to so furnish the statement $10 for each such statement not so furnished, but the total amount imposed on the delinquent person for all such failures during any calendar year shall not exceed $25,000.

* * * * * * *

SECTION 4 OF THE ACT OF OCTOBER 26, 1974 (PUBLIC LAW 93-483)

AN ACT To suspend until the close of June 30, 1975, the duty on certain carboxymethyl cellulose salts, and for other purposes

* * * * * * *

SEC. 4. APPLICATION OF SECTION 117 TO CERTAIN EDUCATION PROGRAMS FOR MEMBERS OF THE UNIFORMED SERVICES.

(a) IN GENERAL.—Any amount received from appropriated funds as a scholarship, including the value of contributed services and accommodations, by a member of a uniformed service who is receiving training under the Armed Forces Health Professions Scholarship Program (or any other program determined by the Secretary of the Treasury or his delegate to have substantially similar objectives) from an educational institution (as defined in section 151(e)(4) of the Internal Revenue Code of 1954) shall be treated as a scholarship under section 117 of such Code, whether that member is receiving training while on active duty or in an off-duty or inactive status, and without regard to whether a period of active duty is required of the member as a condition of receiving those payments.

(b) DEFINITION OF UNIFORMED SERVICES.—For purposes of this section, the term "uniformed service" has the meaning given it by section 101(3) of title 37, United States Code.

(c) EFFECTIVE DATE.—The provisions of this section shall apply with respect to amounts received during calendar years 1973, 1974, and 1975, and, in the case of a member of a uniformed service receiving training after 1975 and before [1980] *1981* in programs described in subsection (a), with respect to amounts received after 1975 and before [1984.] *1985.*

REVENUE ACT OF 1978

* * * * * * *

TITLE I—PROVISIONS PRIMARILY AFFECTING INDIVIDUAL INCOME TAX

* * * * * * *

Subtitle F—Other Individual Items

SEC. 161. CERTAIN GOVERNMENT SCHOLARSHIP AND AWARD PROGRAMS.

(a) * * *

* * * * * * *

(b) NATIONAL RESEARCH SERVICE AWARDS.—

(1) GENERAL RULE.—Any amount paid to, or on behalf of, an individual from appropriated funds as a national research serv-

ice award under section 472 of the Public Health Service Act shall be treated as a scholarship or fellowship grant under section 117 of the Internal Revenue Code of 1954.

(2) EFFECTIVE DATE.—The provisions of subsection (b) shall apply to awards made during calendar years 1974 through [1979.] *1980.*

* * * * * * *

TITLE V—OTHER TAX PROVISION

* * * * * * *

Subtitle D—Income Tax Provisions

SEC. 530. CONTROVERSIES INVOLVING WHETHER INDIVIDUALS ARE EMPLOYEES FOR PURPOSES OF THE EMPLOYMENT TAXES.

(a) TERMINATION OF CERTAIN EMPLOYMENT TAX LIABILITY FOR PERIODS BEFORE [1980] *1981*—

(1) IN GENERAL.—If—

(A) for purposes of employment taxes, the taxpayer did not treat an individual as an employee for any period ending before January 1, [1980] *1981*, and

(B) in the case of periods after December 31, 1978, all Federal tax returns (including information returns) required to be filed by the taxpayer with respect to such individual for such period are filed on a basis consistent with the taxpayer's treatment of such individual as not being an employee.

then, for purposes of applying such taxes for such period with respect to the taxpayer, the individual shall be deemed not to be an employee unless the taxpayer has no reasonable basis for not treating such individual as an employee.

(2) STATUTORY STANDARDS PROVIDING ONE METHOD OF SATISFYING THE REQUIREMENTS OF PARAGRAPH (1).—For purposes of paragraph (1), a taxpayer shall in any case be treated as having a reasonable basis for not treating an individual as an employee for a period if the taxpayer's treatment of such individual for such period was in reasonable reliance on any of the following:

(A) judicial precedent, published rulings, technical advice with respect to the taxpayer, or a letter ruling to the taxpayer;

(B) a past Internal Revenue Service audit of the taxpayer in which there was no assessment attributable to the treatment (for employment tax purposes) of the individuals holding positions substantially similar to the position held by this individual; or

(C) long-standing recognized practice of a significant segment of the industry in which such individual was engaged.

(3) CONSISTENCY REQUIRED IN THE CASE OF 1979 *AND 1980* TAX TREATMENT.—Paragraph (1) shall not apply with respect to the treatment of any individual for employment tax purposes for any period ending after December 31, 1978, and before January 1, [1980] *1981*, if the taxpayer (or a predecessor) has treated any individual holding a substantially similar position as an employee

for purposes of the employment taxes for any period beginning after December 31, 1977.

(4) REFUND OR CREDIT OF OVERPAYMENT.—If refund or credit of any overpayment of an employment tax resulting from the application of paragraph (1) is not barred on the date of the enactment of this Act by any law or rule of law, the period for filing a claim for refund or credit of such overpayment (to the extent attributable to the application of paragraph (1)) shall not expire before the date 1 year after the date of the enactment of this Act.

(b) PROHIBITION AGAINST REGULATIONS AND RULINGS ON EMPLOYMENT STATUS.—No regulation or Revenue Ruling shall be published on or after the date of the enactment of this Act and before January 1, [1980] *1981* (or, if earlier, the effective date of any law hereafter enacted clarifying the employment status of individuals for purposes of the employment taxes) by the Department of the Treasury (including the Internal Revenue Service) with respect to the employment status of any individual for purposes of the employment taxes.

(c) DEFINITIONS.—For purposes of this section—

(1) EMPLOYMENT TAX.—The term "employment tax" means any tax imposed by subtitle C of the Internal Revenue Code of 1954.

(2) EMPLOYMENT STATUS.—The term "employment status" means the status of an individual, under the usual common law rules applicable in determining the employer-employee relationships, as an employee or as an independent contractor (or other individual who is not an employee).

* * * * * * *

TAX REFORM ACT OF 1976

* * * * * * *

TITLE VIII—CAPITAL FORMATION

* * * * * * *

SEC. 806. ADDITIONAL NET OPERATING LOSS CARRYOVER YEARS; LIMITATIONS ON NET OPERATING LOSS CARRYOVERS.

(a) * * *.

* * * * * * *

(g) EFFECTIVE DATE.—

(1) The amendments made by subsection (a), (b), (c), and (d) shall apply to losses incurred in taxable years ending after December 31, 1975.

(2) For purposes of applying sections 382(a) and 383 (as it relates to section 382(a)) of the Internal Revenue Code of 1954, as amended by subsections (e) and (f), the amendments made by subsections (e) and (f) shall take effect for taxable years beginning after June 30, [1980,] *1982*, except that the beginning of the taxable years specified in clause (ii) of section 382(a)(1)(B) of such Code, as so amended, shall be considered to be the later of:

(A) the beginning of such taxable years, or

(B) January 1, [1980.] *1982*.

(3) Sections 382(b) and 383 (as it relates to section 382(b)) of the Internal Revenue Code of 1954, as amended by subsections (e) and (f), shall apply (and such sections as in effect prior to such amendment shall not apply) to reorganizations pursuant to a plan of reorganization adopted by one or more of the parties thereto on or after January 1, [1980.] *1982.* For purposes of the preceding sentence, a corporation shall be considered to have adopted a plan of reorganization on the date on which a resolution of the board of directors is passed adopting the plan or recommending its adoption to the shareholders, or on the date on which the shareholders approve the plan of reorganization, whichever is earlier.

* * * * * * *

TITLE XXI—MISCELLANEOUS PROVISIONS

* * * * * * *

SEC. 2122. ALLOWANCE OF DEDUCTION FOR ELIMINATING ARCHITECTURAL AND TRANSPORTATION BARRIERS FOR THE HANDICAPPED.

(a) * * *

* * * * * * *

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1976, and before January 1, [1980.] *1983.*

* * * * * * *

○