

ANNUITIES TO WIDOWS AND DEPENDENT CHILDREN OF TAX COURT JUDGES

SEPTEMBER 15, 1961.—Ordered to be printed

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

CONFERENCE REPORT

[To accompany H.R. 4317]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4317) to amend the Internal Revenue Code of 1954 and incorporate therein provisions for the payment of annuities to widows and certain dependents of the judges of the Tax Court of the United States, 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 amendment numbered 1.

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

Amendment numbered 3:

That the House recede from its disagreement to the amendment of the Senate numbered 3, 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. 3. (a) Section 403(b) of the Internal Revenue Code of 1954 (relating to taxability of beneficiaries under annuities purchased by section 501(c)(3) organizations) is amended—

(1) by striking out subparagraph (A) of paragraph (1) and inserting in lieu thereof the following:

“(A) an annuity contract is purchased—

“(i) for an employee by an employer described in section 501(c)(3) which is exempt from tax under section 501(a), or

“(ii) for an employee (other than an employee described in clause (i)), who performs services for an educational institution (as defined in section 151(e)(4)), by an employer which is a State, a political subdivision of a State,

or an agency or instrumentality of any one or more of the foregoing,";

(2) by striking out "the employer described in section 501(c)(3) and exempt from tax under section 501(a)," in paragraph (3) and inserting in lieu thereof the following: "the employer described in paragraph (1)(A),"; and

(3) by inserting before the period in the heading of such subsection the following: "OR PUBLIC SCHOOL".

(b) The amendments made by subsection (a) shall apply with respect to taxable years beginning after 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.

W. D. MILLS,
CECIL R. KING,
THOMAS J. O'BRIEN,
N. M. MASON,
JOHN W. BYRNES,

Managers on the Part of the House.

HARRY F. BYRD,
ROBT. S. KERR,
RUSSELL LONG,
JOHN J. WILLIAMS,
FRANK CARLSON,

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. 4317) to amend the Internal Revenue Code of 1954 and incorporate therein provisions for the payment of annuities to widows and certain dependents of the judges of the Tax Court of the United States, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendments Nos. 1 and 2: The bill as passed by the House adds a new section 7448 to the Internal Revenue Code of 1954 providing annuities to widows and dependent children of judges of the Tax Court of the United States. This section is changed by Senate amendments numbered 1 and 2 to conform the benefit computations, in the case of widows and dependent children of Tax Court judges, to the formula provided by Public Law 973 of the 84th Congress relating to widows and dependent children of Federal judges. The House recesses.

Amendment No. 3: Senate amendment numbered 3 adds a new section to the bill relating to the taxability of amounts contributed by an employer which is a public school system for annuity contracts for its employees to provide the same treatment as applies under existing law in the case of annuity contracts purchased for employees by employers described in section 501(c)(3) of the 1954 Code which are exempt from tax under section 501(a) of such code.

The House recesses with an amendment. Under the conference agreement, the amendment (1) is to apply where an annuity contract is purchased for an employee who performs services for an educational institution (as defined in sec. 151(e)(4) of the code) by an employer which is a State, a political subdivision of a State, or an agency or instrumentality of any one or more of the foregoing, and (2) will not affect organizations which may qualify under existing law.

Amendment No. 4: Senate amendment numbered 4 added a new section to the bill relating to the treatment of accident and health insurance contract premiums by insurance companies. Under present law life insurance companies are, subject to certain limitations, entitled to a special deduction of 2 percent of premiums attributable to group and accident and health contracts and group life insurance contracts for purposes of the tax on underwriting income. Senate amendment numbered 4 would extend the special deduction to individual accident and health contracts written by life insurance companies. In addition, the amendment would provide a special 2-percent deduction in computing underwriting income of stock casualty insurance companies writing accident and health contracts. The Senate recesses.

The House recedes to the amendment of the Senate to the title of the bill.

W. D. MILLS,
CECIL R. KING,
THOMAS J. O'BRIEN,
N. M. MASON,
JOHN W. BYRNES,
Managers on the Part of the House.

