

REVENUE BILL OF 1936

JUNE 19, 1936.—Ordered to be printed

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

CONFERENCE REPORT

[To accompany H. R. 12395]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 12395) to provide revenue, equalize taxation, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 44, 45, 47, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 71, 72, 73, 74, 75, 76, 77, 79, 80, 81, 85, 86, 87, 88, 90, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 111, 113, 116, 117, 119, 122, 123, 124, 125, 126, 129, 131, 134, 135, 136, 139, 140, 141, 142, 143, 144, 145, 148, 149, 150, 151, 155, 156, 157, 158, 166, 167, 168, 169, 171, 172, 173, 174, 175, 176, 177, 178, 180, 181, 182, 183, 184, 186, 187, 188, 189, 192, 193, 194, 195, 196, 197, 199, 200, 201, 202, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 221, 223, 224, 225, 226, 227, 228, 229, 230, 231, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 244, 247, 248, 249, 266, 267, 269, 270, 271, 275, 276, 277, 278, 279, 280, 282, 283, 284, 285, 287, and 288, and agree to the same.

That the Senate recede from its amendments numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 68, 82, 83, 115, 120, 127, 146, 152, 159, 160, 161, 191, 198, 220, 222, 43, 250, 251, 260, 261, 264, and 289.

Amendment numbered 46:

That the House recede from its disagreement to the amendment of the Senate numbered 46, 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. 13. NORMAL TAX ON CORPORATIONS.

(a) *Definition.*—As used in this title the term "normal-tax net income" means the net income minus the sum of—

(1) *Interest on Obligations of the United States and Its Instrumentalities.*—The credit provided in section 26 (a).

(2) *Dividends Received.*—The credit provided in section 26 (b). Such credit shall not be allowed in the case of a mutual investment company, as defined in section 48.

(3) *Dividends Paid.*—In the case of a mutual investment company the credit provided in section 27, computed without the benefit of subsection (b) thereof (relating to dividend carry-over).

(b) *Imposition of Tax.*—There shall be levied, collected, and paid for each taxable year upon the normal-tax net income of every corporation, a normal tax as follows:

Upon normal-tax net incomes not in excess of \$2,000, 8 per centum.

\$160 upon normal-tax net incomes of \$2,000; and upon normal-tax net incomes in excess of \$2,000 and not in excess of \$15,000, 11 per centum in addition of such excess.

\$1,590 upon normal-tax net incomes of \$15,000; and upon normal-tax net incomes in excess of \$15,000 and not in excess of \$40,000, 13 per centum in addition of such excess.

\$4,840 upon normal-tax net incomes of \$40,000; and upon normal-tax net incomes in excess of \$40,000, 15 per centum in addition to such excess.

(c) *Exempt Corporations.*—For corporations exempt from taxation under this title, see section 101.

(d) *Banks and Trust Companies.*—For rate of tax on certain banks and trust companies, see section 104.

SEC. 14. SURTAX ON UNDISTRIBUTED PROFITS.

(a) *Definitions.*—As used in this title—

(1) The term "adjusted net income" means the net income minus the sum of—

(A) The normal tax imposed by section 13.

(B) The credit provided in section 26 (a), relating to interest on certain obligations of the United States and Government corporations.

(C) In the case of a holding company affiliate (as defined in section 2 of the Banking Act of 1933), the amount allowed as a credit under section 26 (d).

(D) In the case of a national mortgage association created under Title III of the National Housing Act, the amount allowed as a credit under section 26 (e).

(2) The term "undistributed net income" means the adjusted net income minus the sum of the dividends paid credit provided in section 27 and the credit provided in section 26 (c), relating to contracts restricting dividends.

(b) *Imposition of Tax.*—There shall be levied, collected, and paid for each taxable year upon the net income of every corporation a surtax equal to the sum of the following, subject to the application of the specific credit as provided in subsection (c):

7 per centum of the portion of the undistributed net income which is not in excess of 10 per centum of the adjusted net income.

12 per centum of the portion of the undistributed net income which is in excess of 10 per centum and not in excess of 20 per centum of the adjusted net income.

17 per centum of the portion of the undistributed net income which is in excess of 20 per centum and not in excess of 40 per centum of the adjusted net income.

22 per centum of the portion of the undistributed net income which is in excess of 40 per centum and not in excess of 60 per centum of the adjusted net income.

27 per centum of the portion of the undistributed net income which is in excess of 60 per centum of the adjusted net income.

(c) *Adjusted Net Income Less than \$50,000.*—

(1) *Specific Credit.*—If the adjusted net income is less than \$50,000, there shall be allowed a specific credit equal to the portion of the undistributed net income which is in excess of 10 per centum of the adjusted net income and not in excess of \$5,000, such credit to be applied as provided in paragraph (2).

(2) *Application of Specific Credit.*—If the corporation is entitled to a specific credit, the tax shall be equal to the sum of the following:

(A) A tax computed under subsection (b) upon the amount of the undistributed net income reduced by the amount of the specific credit, plus

(B) 7 per centum of the amount of the specific credit.

(d) *Exemption From Surtax.*—The following corporations shall not be subject to the surtax imposed by this section:

(1) Banks as defined in section 104.

(2) Domestic corporations which for any portion of the taxable year are in bankruptcy under the laws of the United States, or are insolvent and in receivership in any court of the United States or of any State, Territory, or the District of Columbia.

(3) Insurance companies subject to the tax imposed under section 201, 204, or 207.

(4) Foreign corporations.

(5) Corporations which, by reason of deriving a large portion of their gross income from sources within a possession of the United States, are entitled to the benefits of section 251.

(6) Corporations organized under the China Trade Act, 1922.

(7) Joint Stock Land Banks organized under the Federal Farm Loan Act, as amended.

(e) *Exempt Corporations.*—For corporations exempt from taxation under this title, see section 101.

(f) *Tax on Personal Holding Companies.*—For surtax on personal holding companies, see section 351.

(g) *Improper Accumulation of Surplus.*—For surtax on corporations which accumulate surplus to avoid surtax on stockholders, see section 102.

And the Senate agree to the same.

Amendment numbered 48:

That the House recede from its disagreement to the amendment of the Senate numbered 48, 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. 26. CREDITS OF CORPORATIONS.

In the case of a corporation the following credits shall be allowed to the extent provided in the various sections imposing tax—

(a) *Interest on Obligations of the United States and Its Instrumentalities.*—The amount received as interest upon obligations of the United States or of corporations organized under Act of Congress which is allowed to an individual as a credit for purposes of normal tax by section 25 (a) (1) or (2).

(b) *Dividends Received.*—85 per centum of the amount received as dividends from a domestic corporation which is subject to taxation under this title. The credit allowed by this subsection shall not be allowed in respect of dividends received from a corporation organized under the China Trade Act, 1922, or from a corporation which under section 251 is taxable only on its gross income from sources within the United States by reason of its receiving a large percentage of its gross income from sources within a possession of the United States.

(c) *Contracts Restricting Payment of Dividends.*—

(1) *Prohibition on Payment of Dividends.*—An amount equal to the excess of the adjusted net income over the aggregate of the amounts which can be distributed within the taxable year as dividends without violating a provision of a written contract executed by the corporation prior to May 1, 1936, which provision expressly deals with the payment of dividends. If a corporation would be entitled to a credit under this paragraph because of a contract provision and also to one or more credits because of other contract provisions, only the largest of such credits shall be allowed, and for such purpose if two or more credits are equal in amount only one shall be taken into account.

(2) *Disposition of Profits of Taxable Year.*—An amount equal to the portion of the earnings and profits of the taxable year which is required (by a provision of a written contract executed by the corporation prior to May 1, 1936, which provision expressly deals with the disposition of earnings and profits of the taxable year) to be paid within the taxable year in discharge of a debt, or to be irrevocably set aside within the taxable year for the discharge of a debt; to the extent that such amount has been so paid or set aside. For the purposes of this paragraph, a requirement to pay or set aside an amount equal to a percentage of earnings and profits shall be considered a requirement to pay or set aside such percentage of earnings and profits. As used in this paragraph, the word "debt" does not include a debt incurred after April 30, 1936.

(3) *Double Credit Not Allowed.*—If both paragraph (1) and paragraph (2) apply, the one of such paragraphs which allows the greater credit shall be applied; and, if the credit allowable under each paragraph is the same, only one of such paragraphs shall be applied.

(d) *Bank Affiliates.*—In the case of a holding company affiliate (as defined in section 2 of the Banking Act of 1933), the amount of the earnings or profits which the Board of Governors of the Federal Reserve Sys-

tem certifies to the Commissioner has been devoted by such affiliate during the taxable year to the acquisition of readily marketable assets other than bank stock in compliance with section 5144 of the Revised Statutes. The aggregate of the credits allowable under this subsection for all taxable years shall not exceed the amount required to be devoted under such section 5144 to such purposes.

(e) *National Mortgage Associations.*—In the case of a national mortgage association created under Title III of the National Housing Act, the amount of the earnings or profits which the Federal Housing Administrator certifies to the Commissioner has been devoted by such association during the taxable year to the acquisition of such reserves as the Administrator may require under the provisions of section 303 of that Act.

And the Senate agree to the same.

Amendment numbered 67:

That the House recede from its disagreement to the amendment of the Senate numbered 67, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert *and Title IA*; and the Senate agree to the same.

Amendment numbered 69:

That the House recede from its disagreement to the amendment of the Senate numbered 69, 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:

(18) *Religious or apostolic associations or corporations, if such associations or corporations have a common treasury or community treasury, even if such associations or corporations engage in business for the common benefit of the members, but only if the members thereof include (at the time of filing their returns) in their gross income their entire pro-rata shares, whether distributed or not, of the net income of the association or corporation for such year. Any amount so included in the gross income of a member shall be treated as a dividend received.*

And the Senate agree to the same.

Amendment numbered 70:

That the House recede from its disagreement to the amendment of the Senate numbered 70, and agree to the same with an amendment as follows:

On page 79 of the House bill strike out lines 7 to 11, both inclusive, and insert the following:

(1) *In the case of corporations not subject to the surtax on undistributed profits imposed by section 14, a surtax equal to the sum of the following:*

25 per centum of the amount of the retained net income not in excess of \$100,000, plus

35 per centum of the amount of the retained net income in excess of \$100,000.

(8) *In the case of corporations subject to the surtax on undistributed profits imposed by section 14, a surtax equal to the sum of the following:*

15 per centum of the amount of the retained net income not in excess of \$100,000, plus

25 per centum of the amount of the retained net income in excess of \$100,000.

And the Senate agree to the same.

Amendment numbered 78:

That the House recede from its disagreement to the amendment of the Senate numbered 78, 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:

(c) *Definitions.—As used in this title—*

(1) *Special Adjusted Net Income.—The term "special adjusted net income" means the net income minus the sum of—*

(A) *Taxes.—Federal income, war-profits, and excess-profits taxes paid or accrued during the taxable year, to the extent not allowed as a deduction by section 23, but not including the tax imposed by this section or a corresponding section of a prior income-tax law.*

(B) *Disallowed Charitable, etc., Contributions.—Contributions or gifts, not otherwise allowed as a deduction, to or for the use of donees described in section 23(o), for the purposes therein specified.*

(C) *Disallowed Losses.—Losses from sales or exchanges of capital assets which are disallowed as a deduction by section 117(d).*

(D) *Bank Affiliates.—In the case of a holding company affiliate (as defined in section 2 of the Banking Act of 1933), the amount allowed as a credit under section 26(d).*

(E) *National Mortgage Associations.—In the case of a national mortgage association created under Title III of the National Housing Act, the amount allowed as a credit under section 26 (e).*

(2) *Retained Net Income.—The term "retained net income" means the special adjusted net income minus the sum of the dividends paid credit provided in section 27 and the credit provided in section 26 (c), relating to contracts restricting dividends. For the purposes of this subsection, such credits shall be computed by substituting in section 26 (c) and in section 27 for the words "adjusted net income" wherever appearing in such sections the words "special adjusted net income".*

And the Senate agree to the same.

Amendment numbered 84:

That the House recede from its disagreement to the amendment of the Senate numbered 84, 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:

(e) *Tax on Personal Holding Companies.—For surtax on personal holding companies, see section 351.*

And the Senate agree to the same.

Amendment numbered 89:

That the House recede from its disagreement to the amendment of the Senate numbered 89, 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. 104. BANKS AND TRUST COMPANIES.

(a) *Definition.*—As used in this section the term "bank" means a bank or trust company incorporated and doing business under the laws of the United States (including laws relating to the District of Columbia), of any State, or of any Territory, a substantial part of the business of which consists of receiving deposits and making loans and discounts, or of exercising fiduciary powers similar to those permitted to national banks under section 11 (k) of the Federal Reserve Act, as amended, and which is subject by law to supervision and examination by State or Federal authority having supervision over banking institutions.

(b) *Rate of Tax.*—Banks shall be taxable in the same manner as other corporations, except that they shall not be subject to the surtax imposed by section 14, and except that the normal tax imposed by section 13 shall be at the rate of 15 per centum instead of at the rates provided in such section.

And the Senate agree to the same.

Amendment numbered 91:

That the House recede from its disagreement to the amendment of the Senate numbered 91 and agree to the same with an amendment as follows:

On page 17, line 7, of the Senate engrossed amendments strike out "104" and insert 105; and the Senate agree to the same.

Amendment numbered 92:

That the House recede from its disagreement to the amendment of the Senate numbered 92, 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:

(6) *Property Received by Corporation on Complete Liquidation of Another.*—No gain or loss shall be recognized upon the receipt by a corporation of property distributed in complete liquidation of another corporation. For the purposes of this paragraph a distribution shall be considered to be in complete liquidation only if—

(A) the corporation receiving such property was, on the date of the adoption of the plan of liquidation, and has continued to be at all times until the receipt of the property, the owner of stock (in such other corporation) possessing at least 80 per centum of the total combined voting power of all classes of stock entitled to vote and the owner of at least 80 per centum of the total number of shares of all other classes of stock (except nonvoting stock which is limited and preferred as to dividends), and was at no time on or after the date of the adoption of the plan of liquidation and until the receipt of the property the owner of a greater percentage of any class of stock than the percentage of such class owned at the time of the receipt of the property; and

(B) no distribution under the liquidation was made before the first day of the first taxable year of the corporation beginning after December 31, 1935; and either

(C) the distribution is by such other corporation in complete cancellation or redemption of all its stock, and the transfer of all the property occurs within the taxable year; in such case the adoption by the stockholders of the resolution under which is authorized the distribution of all the assets of such corporation in complete cancellation or redemption of all its stock, shall be considered an adoption of a plan of liquidation, even though no time for the completion of the transfer of the property is specified in such resolution; or

(D) such distribution is one of a series of distributions by such other corporation in complete cancellation or redemption of all its stock in accordance with a plan of liquidation under which the transfer of all the property under the liquidation is to be completed within three years from the close of the taxable year during which is made the first of the series of distributions under the plan, except that if such transfer is not completed within such period, or if the taxpayer does not continue qualified under subparagraph (A) until the completion of such transfer, no distribution under the plan shall be considered a distribution in complete liquidation.

If such transfer of all the property does not occur within the taxable year the Commissioner may require of the taxpayer such bond, or waiver of the statute of limitations on assessment and collection, or both, as he may deem necessary to insure, if the transfer of the property is not completed within such three-year period, or if the taxpayer does not continue qualified under subparagraph (A) until the completion of such transfer, the assessment and collection of all income, war-profits, and excess-profits taxes then imposed by law for such taxable year or subsequent taxable years, to the extent attributable to property so received. A distribution otherwise constituting a distribution in complete liquidation within the meaning of this paragraph shall not be considered as not constituting such a distribution merely because it does not constitute a distribution or liquidation within the meaning of the corporate law under which the distribution is made; and for the purposes of this paragraph a transfer of property of such other corporation to the taxpayer shall not be considered as not constituting a distribution (or one of a series of distributions) in complete cancellation or redemption of all the stock of such other corporation, merely because the carrying out of the plan involves (i) the transfer under the plan to the taxpayer by such other corporation of property, not attributable to shares owned by the taxpayer, upon an exchange described in paragraph (4) of this subsection, and (ii) the complete cancellation or redemption under the plan, as a result of exchanges described in paragraph (3) of this subsection, of the shares not owned by the taxpayer.

And the Senate agree to the same.

Amendment numbered 110:

That the House recede from its disagreement to the amendment of the Senate numbered 110, and agree to the same with an amendment as follows:

On page 23 of the Senate engrossed amendments, strike out line 6 and insert *resident alien, foreign partnership, or foreign corporation, not engaged in trade or business within the United States;* and the Senate agree to the same.

Amendment numbered 112:

That the House recede from its disagreement to the amendment of the Senate numbered 112, and agree to the same with an amendment as follows:

On page 23 of the Senate engrossed amendments, line 16, strike out "14 (c) (2)" and insert *14 (d) (2)*; and the Senate agree to the same.

Amendment numbered 114:

That the House recede from its disagreement to the amendment of the Senate numbered 114, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert (*except that such rate shall be reduced, in the case of a resident of a contiguous country, to such rate, not less than 5 per centum, as may be provided by treaty with such country*); and the Senate agree to the same.

Amendment numbered 118:

That the House recede from its disagreement to the amendment of the Senate numbered 118, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: *except that such rate shall be reduced, in the case of a nonresident alien individual a resident of a contiguous country, to such rate (not less than 5 per centum) as may be provided by treaty with such country: Provided, That no such deduction or withholding shall be required in the case of dividends paid by a foreign corporation unless (1) such corporation is engaged in trade or business within the United States or has an office or place of business therein, and (2) more than 85 per centum of the gross income of such corporation for the three-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources within the United States as determined under the provisions of section 119: Provided further;* and the Senate agree to the same.

Amendment numbered 121:

That the House recede from its disagreement to the amendment of the Senate numbered 121, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert *except that in the case of dividends the rate shall be 10 per centum, and except that in the case of corporations organized under the laws of a contiguous country such rate of 10 per centum with respect to dividends shall be reduced to such rate (not less than 5 per centum) as may be provided by treaty with such country;*

And the Senate agree to the same.

Amendment numbered 128:

That the House recede from its disagreement to the amendment of the Senate numbered 128, 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. 169. COMMON TRUST FUNDS.

(a) *Definitions.*—The term “common trust fund” means a fund maintained by a bank (as defined in section 104)—

(1) exclusively for the collective investment and reinvestment of moneys contributed thereto by the bank in its capacity as a trustee, executor, administrator, or guardian; and

(2) in conformity with the rules and regulations, prevailing from time to time, of the Board of Governors of the Federal Reserve System pertaining to the collective investment of trust funds by national banks.

(b) *Taxation of Common Trust Funds.*—A common trust fund shall not be subject to taxation under this title, Title IA, or section 105 or 106 of the Revenue Act of 1935, and for the purposes of such titles and sections shall not be considered a corporation.

(c) *Income of Participants in Fund.*—Each participant in the common trust fund shall include in computing its net income its proportionate share, whether or not distributed and whether or not distributable, of the net income of the common trust fund. The net income of the common trust fund shall be computed in the same manner and on the same basis as in the case of an individual. The proportionate share of each participant in the amount of interest specified in section 25 (a) received by the common trust fund shall for the purposes of this Supplement be considered as having been received by such participant as such interest.

(d) *Admission and Withdrawal.*—No gain or loss shall be realized by the common trust fund by the admission or withdrawal of a participant. The withdrawal of any participating interest by a participant shall be treated as a sale or exchange of such interest by the participant.

(e) *Returns by Bank.*—Every bank (as defined in section 104) maintaining a common trust fund shall make a return under oath for each taxable year, stating specifically, with respect to such fund, the items of gross income and the deductions allowed by this title, and shall include in the return the names and addresses of the participants who would be entitled to share in the net income if distributed and the amount of the proportionate share of each participant. The return shall be sworn to as in the case of a return filed by the bank under section 52.

(f) *Different Taxable Years of Common Trust Fund and Participant.*—If the taxable year of the common trust fund is different from that of a participant, the proportionate share of the net income of the common trust fund to be included in computing the net income of the participant for its taxable year shall be based upon the net income of the common trust fund for any taxable year of the common trust fund (whether beginning on, before, or after January 1, 1936) ending within the taxable year of the participant.

And the Senate agree to the same.

Amendment numbered 130:

That the House recede from its disagreement to the amendment of the Senate numbered 130, 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:

(b) Imposition of Tax.—

(1) *In General.*—*In lieu of the tax imposed by sections 13 and 14, there shall be levied, collected, and paid for each taxable year upon the normal-tax net income of every life insurance company a tax of 15 per centum of the amount thereof.*

(2) *Normal-Tax Net Income of Foreign Life Insurance Companies.*—*In the case of a foreign life insurance company, the normal-tax net income shall be an amount which bears the same ratio to the normal-tax net income, computed without regard to this paragraph, as the reserve funds required by law and held by it at the end of the taxable year upon business transacted within the United States bear to the reserve funds held by it at the end of the taxable year upon all business transacted.*

(3) *No United States Insurance Business.*—*Foreign life insurance companies not carrying on an insurance business within the United States and holding no reserve funds upon business transacted within the United States, shall not be taxable under this section but shall be taxable as other foreign corporations.*

And the Senate agree to the same.

Amendment numbered 132:

That the House recede from its disagreement to the amendment of the Senate numbered 132, and agree to the same with an amendment as follows:

On page 28 of the Senate engrossed amendments, lines 15 and 16, strike out "a tax at the rates specified in section 13" and insert a tax of 15 per centum of the amount thereof; and the Senate agree to the same.

Amendment numbered 133:

That the House recede from its disagreement to the amendment of the Senate numbered 133, 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:

(2) *Normal-Tax Net Income of Foreign Companies.*—*In the case of a foreign insurance company (other than a life or mutual insurance company), the normal-tax net income shall be the net income from sources within the United States minus the sum of—*

(A) *Interest on obligations of the United States and its instrumentalities.*—*The credit provided in section 26 (a).*

(B) *Dividends received.*—*The credit provided in section 26 (b).*

(3) *No United States Insurance Business.*—*Foreign insurance companies not carrying on an insurance business within the United States shall not be taxable under this section but shall be taxable as other foreign corporations.*

And the Senate agree to the same.

Amendment numbered 137:

That the House recede from its disagreement to the amendment of the Senate numbered 137, 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:

(a) *Application of Title.*—*Mutual insurance companies, other than life insurance companies, shall be taxable in the same manner as other corporations, except as hereinafter provided in this section, and except that they shall not be subject to the surtax imposed by section 14, and except that the normal tax imposed by section 13 shall be at the rate of 15 per centum instead of at the rates provided in such section, and such normal tax shall be applicable to foreign corporations as well as domestic corporations; but foreign insurance companies not carrying on an insurance business within the United States shall be taxable as other foreign corporations.*

And the Senate agree to the same.

Amendment numbered 138:

That the House recede from its disagreement to the amendment of the Senate numbered 138, 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: *, except that such rate shall be reduced, in the case of a resident of a contiguous country, to such rate (not less than 5 per centum) as may be provided by treaty with such country;*

And the Senate agree to the same.

Amendment numbered 147:

That the House recede from its disagreement to the amendment of the Senate numbered 147, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert a comma and the following: *except that in the case of dividends the rate shall be 10 per centum, and except that in the case of corporations organized under the laws of a contiguous country such rate of 10 per centum with respect to dividends shall be reduced to such rate (not less than 5 per centum) as may be provided by treaty with such country; and the Senate agree to the same.*

Amendment numbered 153:

That the House recede from its disagreement to the amendment of the Senate numbered 153, 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:

(c) *Tax in Case of Corporations.*—*In the case of a domestic corporation entitled to the benefits of this section the normal tax imposed by section 13 shall be at the rate of 15 per centum instead of at the rates provided in such section, and such a corporation shall not be subject to the surtax imposed by section 14.*

And the Senate agree to the same.

Amendment numbered 154:

That the House recede from its disagreement to the amendment of the Senate numbered 154, 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. 261. TAXATION IN GENERAL.

In the case of a corporation organized under the China Trade Act, 1922, the normal tax imposed by section 13 shall be at the rate of 15 per centum instead of at the rates provided in such section, and such a corporation shall not be subject to the surtax imposed by section 14.

And the Senate agree to the same.

Amendment numbered 162:

That the House recede from its disagreement to the amendment of the Senate numbered 162, 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:

TITLE IA—ADDITIONAL INCOME TAXES**SEC. 351. SURTAX ON PERSONAL HOLDING COMPANIES.**

(a) *Imposition of Tax.*—There shall be levied, collected, and paid, for each taxable year (in addition to the taxes imposed by Title I), upon the undistributed adjusted net income of every personal holding company a surtax equal to the sum of the following:

- (1) 8 per centum of the amount thereof not in excess of \$2,000; plus
- (2) 18 per centum of the amount thereof in excess of \$2,000 and not in excess of \$100,000; plus
- (3) 28 per centum of the amount thereof in excess of \$100,000 and not in excess of \$500,000; plus
- (4) 38 per centum of the amount thereof in excess of \$500,000 and not in excess of \$1,000,000; plus
- (5) 48 per centum of the amount thereof in excess of \$1,000,000.

(b) *Definitions.*—As used in this title—

(1) The term "personal holding company" means any corporation (other than a corporation exempt from taxation under section 101, and other than a bank, as defined in section 104, and other than a life-insurance company or surety company) if —(A) at least 80 per centum of its gross income for the taxable year is derived from royalties, dividends, interest, annuities, and (except in the case of regular dealers in stock or securities) gains from the sale of stock or securities, and (B) at any time during the last half of the taxable year more than 50 per centum in value of its outstanding stock is owned, directly or indirectly, by or for not more than five individuals. For the purpose of determining the ownership of stock in a personal holding company—(C) stock owned, directly or indirectly, by a corporation, partnership, estate, or trust shall be considered as being owned proportionately by its shareholders, partners, or beneficiaries; (D) an individual shall be considered as owning, to the exclusion of any other individual, the stock owned, directly or indirectly, by his family, and this rule shall be applied in such manner

as to produce the smallest possible number of individuals owning, directly or indirectly, more than 50 per centum in value of the outstanding stock; and (E) the family of an individual shall include only his brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants.

(2) The term "undistributed adjusted net income" means the adjusted net income minus the sum of:

(A) 20 per centum of the excess of the adjusted net income over the amount of dividends received from personal holding companies which are allowable as a credit for the purposes of the tax imposed by section 13 or 204;

(B) Amounts used or set aside to retire indebtedness incurred prior to January 1, 1934, if such amounts are reasonable with reference to the size and terms of such indebtedness; and

(C) The amount of the dividends paid credit provided in section 27, computed without the benefit of subsection (b) thereof (relating to the dividend carry-over).

(3) The term "adjusted net income" means the net income minus the sum of:

(A) Federal income, war-profits, and excess-profits taxes paid or accrued during the taxable year to the extent not allowed as a deduction by section 23, but not including the tax imposed by this section or a corresponding section of a prior income-tax law;

(B) Contributions or gifts, not otherwise allowed as a deduction, to or for the use of donees described in section 23 (c) for the purposes therein specified, including, in the case of a corporation organized prior to January 1, 1936, to take over the assets and liabilities of the estate of a decedent, amounts paid in liquidation of any liability of the corporation based on the liability of the decedent to make any such contribution or gift, to the extent such liability of the decedent existed prior to January 1, 1934; and

(C) Losses from sales or exchanges of capital assets which are disallowed as a deduction by section 117 (d).

(4) The terms used in this section shall have the same meaning as when used in Title I.

(c) *Administrative Provisions.*—All provisions of law (including penalties) applicable in respect of the taxes imposed by Title I of this Act, shall insofar as not inconsistent with this section, be applicable in respect of the tax imposed by this section, except that the provisions of section 131 of that title shall not be applicable.

(d) *Payment of Surtax on Pro Rata Shares.*—The tax imposed by this section shall not apply if (1) all the shareholders of the corporation include (at the time of filing their returns) in their gross income their entire pro rata shares, whether distributed or not, of the adjusted net income of the corporation for such year, and (2) 90 per centum or more of such adjusted net income is so included in the gross income of shareholders other than corporations. Any amount so included in the gross income of a shareholder shall be treated as a dividend received. Any subsequent distribution made by the corporation out of earnings or profits for such taxable year shall, if distributed to any shareholder who has so included in his gross income his pro rata share, be exempt from tax in the amount of the share so included.

(e) *Improper Accumulation of Surplus.*—For surtax on corporations which accumulate surplus to avoid surtax on stockholders, see section 102. And the Senate agreed to the same.

Amendment numbered 163:

That the House recede from its disagreement to the amendment of the Senate numbered 163, 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. 401. CAPITAL STOCK TAX.

(a) *Section 105 of the Revenue Act of 1935 is amended by striking out "\$1.40" wherever appearing therein and inserting in lieu thereof "\$1".*

(b) *Subsection (c) of such section is amended by striking out "1934" and inserting in lieu thereof "1936", and by striking out ", as amended" wherever appearing in such subsection.*

And the Senate agree to the same.

Amendment numbered 164:

That the House recede from its disagreement to the amendment of the Senate numbered 164, and agree to the same with an amendment as follows:

On page 38 of the Senate engrossed amendments, line 12, strike out "(b) Section 105 (f) (4) of such Act" and insert (c) *Subsection (f) (4) of such section*; and the Senate agree to the same.

Amendment numbered 165:

That the House recede from its disagreement to the amendment of the Senate numbered 165, 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. 402. EXCESS-PROFITS TAX.

(a) *Section 106 (b) of the Revenue Act of 1935 is amended by striking out "except that there shall be deducted the amount of income tax imposed for such year by section 13 of the Revenue Act of 1934, as amended" and inserting in lieu thereof "computed without the deduction of the tax imposed by this section, but with a credit against net income equal to the credit for dividends received provided in section 26 (b) of the Revenue Act of 1936".*

(b) *The amendment made by subsection (a) shall not apply to an income-tax taxable year beginning before January 1, 1936.*

And the Senate agree to the same.

Amendment numbered 170:

That the House recede from its disagreement to the amendment of the Senate numbered 170, 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:

(b) *The net income (specified in subsection (a) (1)) from the sale of articles with respect to which the Federal excise tax was not paid, and the net income specified in subsection (a) (2) or (3), shall not include the net income from the sale of any article, from reimbursement with respect to any article, or from refund or credit of Federal excise tax with respect*

to any article (1) if such article (or the articles processed therefrom) were not sold by the taxpayer on or before the date of the termination of the Federal excise tax; (2) if the taxpayer made a tax adjustment with respect to such article (or the articles processed therefrom) with his vendee; or (3) if under the terms of any statute the taxpayer would have been entitled to a refund from the United States of the Federal excise tax with respect to the article otherwise than as an erroneous or illegal collection (assuming, in case the tax was not paid, that it had been paid).

And the Senate agree to the same.

Amendment numbered 179:

That the House recede from its disagreement to the amendment of the Senate numbered 179, and agree to the same with an amendment as follows:

On page 43 of the Senate engrossed amendments, lines 19 to 21, inclusive, strike out "any payments or credits with respect to the articles made to purchasers as specified in subsection (f) (3)" and insert *the portion of the amount of the Federal excise tax (or of the reimbursement specified in subsection (a) (2)) with respect to the articles which is paid or credited by the taxpayer to any purchasers as specified in subsection (f) (3)*; and the Senate agree to the same.

Amendment numbered 185:

That the House recede from its disagreement to the amendment of the Senate numbered 185, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert *articles*; and the Senate agree to the same.

Amendment numbered 190:

That the House recede from its disagreement to the amendment of the Senate numbered 190, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert *June 1, 1936, or thereafter in the bona fide settlement of a written agreement*; and the Senate agree to the same.

Amendment numbered 203:

That the House recede from its disagreement to the amendment of the Senate numbered 203, and agree to the same with an amendment as follows:

On page 46 of the Senate engrossed amendments, lines 23 and 24, strike out "the thirtieth day after the date of the enactment of this Act" and insert *June 1, 1936*; and the Senate agree to the same.

Amendment numbered 232:

That the House recede from its disagreement to the amendment of the Senate numbered 232, and agree to the same with an amendment as follows:

Restore the matter proposed to be stricken out by the Senate amendment.

And the Senate agree to the same.

Amendment numbered 245:

That the House recede from its disagreement to the amendment of the Senate numbered 245, 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. 701. TAX ON CERTAIN OILS.

The first sentence of section 601 (c) (8) of the Revenue Act of 1932, as amended, is amended to read as follows:

"(8) Whale oil (except sperm oil), fish oil (except cod oil, cod-liver oil, and halibut-liver oil), marine-animal oil, tallow, inedible animal oils, inedible animal fats, inedible animal greases, fatty acids derived from any of the foregoing, and salts of any of the foregoing; all the foregoing, whether or not refined, sulphonated, sulphated, hydrogenated, or otherwise processed, 3 cents per pound; sesame oil provided for in paragraph 1732 of the Tariff Act of 1930, sunflower oil, rapeseed oil, kapok oil, hempseed oil, perilla oil, fatty acids derived from any of the foregoing or from linseed oil, and salts of any of the foregoing; all the foregoing, whether or not refined, sulphonated, sulphated, hydrogenated, or otherwise processed, 4½ cents per pound; any article, merchandise, or combination (except oils specified in section 602½ of the Revenue Act of 1934, as amended, 10 per centum or more of the quantity by weight of which consists of, or is derived directly or indirectly from, one or more of the products specified above in this paragraph or in section 602½ of the Revenue Act of 1934, as amended, a tax at the rate or rates per pound equal to that proportion of the rate or rates prescribed in this paragraph or such section 602½ in respect of such product or products which the quantity by weight of the imported article, merchandise, or combination, consisting of or derived from such product or products, bears to the total weight of the imported article, merchandise, or combination; hempseed, perilla seed, rapeseed, sesame seed, and kapok seed, 2 cents per pound."

And the Senate agree to the same.

Amendment numbered 246:

That the House recede from its disagreement to the amendment of the Senate numbered 246, 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. 702. PROCESSING TAX ON CERTAIN OILS.

(a) The first sentence of section 602½ of the Revenue Act of 1934 is amended to read as follows:

"(a) There is hereby imposed upon the first domestic processing of coconut oil, palm oil, palm-kernel oil, fatty acids derived from any of the foregoing oils, salts of any of the foregoing (whether or not such oils, fatty acids, or salts have been refined, sulphonated, sulphated, hydrogenated, or otherwise processed), or any combination or mixture containing a substantial quantity of any one or more of such oils, fatty acids, or salts, a tax of 3 cents per pound to be paid by the processor, but the tax under this section shall not apply (1) with respect to any fatty acid or salt

resulting from a previous first domestic processing taxed under this section or upon which an import tax has been paid under section 601(c)(8) of the Revenue Act of 1932, as amended, or (2) with respect to any combination or mixture by reason of its containing an oil, fatty acid, or salt with respect to which there has been a previous first domestic processing or upon which an import tax has been paid under such section 601(c)(8)."

(b) Notwithstanding the provisions of subsection (a) of this section, the first domestic processing of sunflower oil or sesame oil (or any combination or mixture containing a substantial quantity of sunflower oil or sesame oil), if such oil or such combination or mixture or such oil contained therein was imported prior to the effective date of this title, shall be taxed in accordance with the provisions of section 602½ of the Revenue Act of 1934 in force on the date of the enactment of this Act.

And the Senate agree to the same.

Amendment numbered 252:

That the House recede from its disagreement to the amendment of the Senate numbered 252, 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. 801. EXEMPTION FROM ADMISSIONS TAX OF CERTAIN CONCERTS.

Section 500 (b) (2) of the Revenue Act of 1926 is amended by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: "and any admissions to concerts conducted by a civic or community membership association if no part of the net earnings thereof inures to the benefit of any stockholders or members of such association."

And the Senate agree to the same.

Amendment numbered 253:

That the House recede from its disagreement to the amendment of the Senate numbered 253, and agree to the same with an amendment as follows:

On page 61 of the Senate engrossed amendments, line 16, strike out "804" and insert 802; line 19, insert a period after "3207"; and on page 62, line 9, strike out "subject" and insert *subjected*; and the Senate agree to the same.

Amendment numbered 254:

That the House recede from its disagreement to the amendment of the Senate numbered 254, and agree to the same with an amendment as follows:

On page 63 of the Senate engrossed amendments, line 11, strike out "805" and insert 803; and the Senate agree to the same.

Amendment numbered 255:

That the House recede from its disagreement to the amendment of the Senate numbered 255, and agree to the same with an amendment as follows:

On page 63, line 19, of the Senate engrossed amendments, strike out "806" and insert 804; and the Senate agree to the same.

Amendment numbered 256:

That the House recede from its disagreement to the amendment of the Senate numbered 256, 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. 805. ESTATE TAXES—REVOCABLE TRANSFERS.

(a) Section 302 (d) (1) of the Revenue Act of 1926, as amended, is amended to read as follows:

“(d) (1) To the extent of any interest therein of which the decedent has at any time made a transfer (except in case of a bona-fide sale for an adequate and full consideration in money or money's worth), by trust or otherwise, where the enjoyment thereof was subject at the date of his death to any change through the exercise of a power (in whatever capacity exercisable) by the decedent alone or by the decedent in conjunction with any other person (without regard to when or from what source the decedent acquired such power), to alter, amend, revoke, or terminate, or where any such power is relinquished in contemplation of decedent's death.”

(b) Except in the case of transfers made after the date of the enactment of this Act, no interest of the decedent of which he has made a transfer shall be included in the gross estate under such section 302 (d) (1) unless it was includible under such section before its amendment by this section.

And the Senate agree to the same.

Amendment numbered 257:

That the House recede from its disagreement to the amendment of the Senate numbered 257, and agree to the same with an amendment as follows:

On page 65, line 2, of the Senate engrossed amendments, strike out “808” and insert 806; and the Senate agree to the same.

Amendment numbered 258:

That the House recede from its disagreement to the amendment of the Senate numbered 258, 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. 807. RECONSIDERATION OF REFUND CLAIMS.

(a) Section 3226 of the Revised Statutes, as amended, is amended by adding at the end thereof the following new sentence: “Any consideration, reconsideration, or action by the Commissioner with respect to such claim following the mailing of a notice by registered mail of disallowance shall not operate to extend the period within which suit may be begun.”

(b) The amendment made by subsection (a) shall not operate (1) to bar a suit or proceeding in respect of a claim reopened prior to the date of the enactment of this Act, if such suit or proceeding was not barred under the law in effect prior to the date of the enactment of this Act, or (2) to prevent the suspension of the statute of limitations for filing suit under section 608 (b) (2), as amended, of the Revenue Act of 1928.

And the Senate agree to the same.

Amendment numbered 259:

That the House recede from its disagreement to the amendment of the Senate numbered 259, and agree to the same with an amendment as follows:

On page 67 of the Senate engrossed amendments, line 8, strike out "810" and insert 808; and the Senate agree to the same.

Amendment numbered 262:

That the House recede from its disagreement to the amendment of the Senate numbered 262, 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. 809. TERMINATION OF JEWELRY TAX.

The tax imposed by section 605 of the Revenue Act of 1932 shall not apply to any article sold by the manufacturer, producer, or importer after the date of the enactment of this Act.

And the Senate agree to the same.

Amendment numbered 263:

That the House recede from its disagreement to the amendment of the Senate numbered 263, 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. 810. TAX ON FURS.

(a) Effective after the date of the enactment of this Act, section 604 of the Revenue Act of 1932 is amended by striking out "10 per centum" and inserting in lieu thereof "3 per centum".

(b) The exemption of articles sold for less than \$75, provided by section 608 of the Revenue Act of 1934, shall not apply to articles sold after the date of the enactment of this Act.

And the Senate agree to the same.

Amendment numbered 265:

That the House recede from its disagreement to the amendment of the Senate numbered 265, and agree to the same with an amendment as follows:

On page 70, line 5, of the Senate engrossed amendments, strike out "816" and insert 811; and the Senate agree to the same.

Amendment numbered 268:

That the House recede from its disagreement to the amendment of the Senate numbered 268, and agree to the same with an amendment as follows:

On page 71 of the Senate engrossed amendments, in line 24, strike out "section 6" and insert *section 906*; and the Senate agree to the same.

Amendment numbered 272:

That the House recede from its disagreement to the amendment of the Senate numbered 272, and agree to the same with an amendment as follows:

On page 76 of the Senate engrossed amendments, in line 17, strike out "division" and insert *divisions*; and on page 78, line 4, strike out

"cross examine" and insert *cross-examine*; and the Senate agree to the same.

Amendment numbered 273:

That the House recede from its disagreement to the amendment of the Senate numbered 273, and agree to the same with an amendment as follows:

On page 87 of the Senate engrossed amendments, line 9, strike out "Commission" and insert *Commissioner*; and the Senate agree to the same.

Amendment numbered 274:

That the House recede from its disagreement to the amendment of the Senate numbered 274, 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. 908. LIMITATIONS ON ALLOWANCE OF CLAIMS AND INTEREST.

(a) No claim shall be allowed under this title in an amount less than \$10.

(b) No interest shall be allowed by the Commissioner or by any court with respect to any amount paid or collected as tax under the Agricultural Adjustment Act, except with respect to amounts, refund of which is made or allowed under this title.

And the Senate agree to the same.

Amendment numbered 286:

That the House recede from its disagreement to the amendment of the Senate numbered 286, and agree to the same with an amendment as follows:

Omit the matter proposed to be inserted by the Senate amendment and on page 60 of the House bill, after line 26, insert the following:

(e) *Mutual Investment Companies*.—

(1) *General Definition*.—The term "mutual investment company" means any corporation (whether chartered or created as an investment trust, or otherwise), other than a personal holding company as defined in section 351, if—

(A) It is organized for the purpose of, and substantially all its business consists of, holding, investing, or reinvesting in stock or securities; and

(B) At least 95 per centum of its gross income is derived from dividends, interest, and gains from sales or other disposition of stock or securities; and

(C) Less than 30 per centum of its gross income is derived from the sale or other disposition of stock or securities held for less than six months; and

(D) An amount not less than 90 per centum of its net income is distributed to its shareholders as taxable dividends during the taxable year; and

(E) Its shareholders are, upon reasonable notice, entitled to redemption of their stock for their proportionate interests in the corporation's properties, or the cash equivalent thereof less a discount not in excess of 3 per centum thereof.

(2) *Limitations.*—Despite the provisions of paragraph (1) a corporation shall not be considered as a mutual investment company if, subsequent to a date thirty days after the date of the enactment of this Act, at any time during the taxable year—

(A) More than 5 per centum of the gross assets of the corporation, taken at cost, was invested in stock or securities, or both, of any one corporation, government, or political subdivision thereof, but this limitation shall not apply to investments in obligations of the United States or in obligations of any corporation organized under general Act of Congress if such corporation is an instrumentality of the United States; or

(B) It owned more than 10 per centum of the outstanding stock or securities, or both, of any one corporation; or

(C) It had any outstanding bonds or indebtedness in excess of 10 per centum of its gross assets taken at cost; or

(D) It fails to comply with any rule or regulation prescribed by the Commissioner, with the approval of the Secretary, for the purpose of ascertaining the actual ownership of its outstanding stock.

And the Senate agree to the same.

Amend the Table of Contents to read as follows:

TABLE OF CONTENTS

TITLE I—INCOME TAX

SUBTITLE A—INTRODUCTORY PROVISIONS

- Sec. 1. Application of title.*
- Sec. 2. Cross references.*
- Sec. 3. Classification of provisions.*
- Sec. 4. Special classes of taxpayers.*

SUBTITLE B—GENERAL PROVISIONS

PART I—RATES OF TAX

- Sec. 11. Normal tax on individuals.*
- Sec. 12. Surtax on individuals.*
- Sec. 13. Normal tax on corporations.*
- Sec. 14. Surtax on undistributed profits.*

PART II—COMPUTATION OF NET INCOME

- Sec. 21. Net income.*
- Sec. 22. Gross income.*
- Sec. 23. Deductions from gross income.*
- Sec. 24. Items not deductible.*
- Sec. 25. Credits of individual against net income.*
- Sec. 26. Credits of corporations.*
- Sec. 27. Corporation credit for dividends paid.*

PART III—CREDITS AGAINST TAX

- Sec. 31. Taxes of foreign countries and possessions of United States.*
- Sec. 32. Taxes withheld at source.*
- Sec. 33. Credit for overpayments.*

PART IV—ACCOUNTING PERIODS AND METHODS OF ACCOUNTING

- Sec. 41. General rule.*
- Sec. 42. Period in which items of gross income included.*
- Sec. 43. Period for which deductions and credits taken.*
- Sec. 44. Installment basis.*
- Sec. 45. Allocation of income and deductions.*
- Sec. 46. Change of accounting period.*
- Sec. 47. Returns for a period of less than twelve months.*
- Sec. 48. Definitions.*

PART V—RETURNS AND PAYMENT OF TAX

- Sec. 51. Individual returns.*
- Sec. 52. Corporation returns.*
- Sec. 53. Time and place for filing returns.*
- Sec. 54. Records and special returns.*
- Sec. 55. Publicity of returns.*
- Sec. 56. Payment of tax.*
- Sec. 57. Examination of return and determination of tax.*
- Sec. 58. Additions to tax and penalties.*
- Sec. 59. Administrative proceedings.*

PART VI—MISCELLANEOUS PROVISIONS

- Sec. 61. Laws made applicable.*
- Sec. 62. Rules and regulations.*
- Sec. 63. Taxes in lieu of taxes under 1934 Act.*
- Sec. 64. Short title.*

SUBTITLE C—SUPPLEMENTAL PROVISIONS

SUPPLEMENT A—RATES OF TAX

- Sec. 101. Exemptions from tax on corporations.*
- Sec. 102. Surtax on corporations improperly accumulating surplus.*
- Sec. 103. Rates of tax on citizens and corporations of certain foreign countries.*
- Sec. 104. Banks and trust companies.*
- Sec. 105. Sale of oil or gas properties.*

SUPPLEMENT B—COMPUTATION OF NET INCOME

- Sec. 111. Determination of amount of, and recognition of, gain or loss.*
- Sec. 112. Recognition of gain or loss.*
- Sec. 113. Adjusted basis for determining gain or loss.*
- Sec. 114. Basis for depreciation and depletion.*
- Sec. 115. Distributions by corporations.*
- Sec. 116. Exclusions from gross income.*
- Sec. 117. Capital gains and losses.*

- Sec. 118. Loss from wash sales of stock or securities.*
- Sec. 119. Income from sources within United States.*
- Sec. 120. Unlimited deduction for charitable and other contributions.*
- Sec. 121. Deduction of dividends paid on certain preferred stock of certain corporations.*

SUPPLEMENT C—CREDITS AGAINST TAX

- Sec. 131. Taxes of foreign countries and possessions of United States.*

SUPPLEMENT D—RETURNS AND PAYMENT OF TAX

- Sec. 141. Consolidated returns of railroad corporations.*
- Sec. 142. Fiduciary returns.*
- Sec. 143. Withholding of tax at source.*
- Sec. 144. Payment of corporation income tax at source.*
- Sec. 145. Penalties.*
- Sec. 146. Closing by Commissioner of taxable year.*
- Sec. 147. Information at source.*
- Sec. 148. Information by corporations.*
- Sec. 149. Returns of brokers.*
- Sec. 150. Collection of foreign items.*

SUPPLEMENT E—ESTATES AND TRUSTS

- Sec. 161. Imposition of tax.*
- Sec. 162. Net income.*
- Sec. 163. Credits against net income.*
- Sec. 164. Different taxable years.*
- Sec. 165. Employees' trusts.*
- Sec. 166. Revocable trusts.*
- Sec. 167. Income for benefit of grantor.*
- Sec. 168. Taxes of foreign countries and possessions of United States.*
- Sec. 169. Common trust funds.*

SUPPLEMENT F—PARTNERSHIPS

- Sec. 181. Partnership not taxable.*
- Sec. 182. Tax of partners.*
- Sec. 183. Computation of partnership income.*
- Sec. 184. Credits against net income.*
- Sec. 185. Earned income.*
- Sec. 186. Taxes of foreign countries and possessions of United States.*
- Sec. 187. Partnership returns.*
- Sec. 188. Different taxable years of partner and partnership.*

SUPPLEMENT G—INSURANCE COMPANIES

- Sec. 201. Tax on life insurance companies.*
- Sec. 202. Gross income of life insurance companies.*
- Sec. 203. Net income of life insurance companies.*
- Sec. 204. Insurance companies other than life or mutual.*
- Sec. 205. Taxes of foreign countries and possessions of United States.*
- Sec. 206. Computation of gross income.*
- Sec. 207. Mutual insurance companies other than life.*

SUPPLEMENT H—NONRESIDENT ALIEN INDIVIDUALS

- Sec. 211. Tax on nonresident alien individuals.*
- Sec. 212. Gross income.*
- Sec. 213. Deductions.*
- Sec. 214. Credits against net income.*
- Sec. 215. Allowance of deductions and credits.*
- Sec. 216. Credits against tax.*
- Sec. 217. Returns.*
- Sec. 218. Payment of tax.*
- Sec. 219. Partnerships.*

SUPPLEMENT I—FOREIGN CORPORATIONS

- Sec. 231. Tax on foreign corporations.*
- Sec. 232. Deductions.*
- Sec. 233. Allowance of deductions and credits.*
- Sec. 234. Credits against tax.*
- Sec. 235. Returns.*
- Sec. 236. Payment of tax.*
- Sec. 237. Foreign insurance companies.*
- Sec. 238. Affiliation.*

SUPPLEMENT J—POSSESSIONS OF THE UNITED STATES

- Sec. 251. Income from sources within possessions of United States.*
- Sec. 252. Citizens of possessions of United States.*

SUPPLEMENT K—CHINA TRADE ACT CORPORATIONS

- Sec. 261. Taxation in general.*
- Sec. 262. Credit against net income.*
- Sec. 263. Credits against the tax.*
- Sec. 264. Affiliation.*
- Sec. 265. Income of shareholders.*

SUPPLEMENT L—ASSESSMENT AND COLLECTION OF DEFICIENCIES

- Sec. 271. Definition of deficiency.*
- Sec. 272. Procedure in general.*
- Sec. 273. Jeopardy assessments.*
- Sec. 274. Bankruptcy and receiverships.*
- Sec. 275. Period of limitation upon assessment and collection.*
- Sec. 276. Same—Exceptions.*
- Sec. 277. Suspension of running of statute.*

SUPPLEMENT M—INTEREST AND ADDITIONS TO THE TAX

- Sec. 291. Failure to file return.*
- Sec. 292. Interest on deficiencies.*
- Sec. 293. Additions to the tax in case of deficiency.*
- Sec. 294. Additions to the tax in case of nonpayment.*
- Sec. 295. Time extended for payment of tax shown on return.*
- Sec. 296. Time extended for payment of deficiency.*
- Sec. 297. Interest in case of jeopardy assessments.*
- Sec. 298. Bankruptcy and receiverships.*
- Sec. 299. Removal of property or departure from United States.*

SUPPLEMENT N—CLAIMS AGAINST TRANSFERREES AND FIDUCIARIES

Sec. 311. Transferred assets.

Sec. 312. Notice of fiduciary relationship.

SUPPLEMENT O—OVERPAYMENTS

Sec. 321. Overpayment of installment.

Sec. 322. Refunds and credits.

TITLE IA—ADDITIONAL INCOME TAXES

Sec. 351. Surtax on personal holding companies.

TITLE II—CAPITAL STOCK AND EXCESS-PROFITS TAX

Sec. 401. Capital stock tax.

Sec. 402. Excess-profits tax.

TITLE III—TAX ON UNJUST ENRICHMENT

Sec. 501. Tax on net income from certain sources.

Sec. 502. Credit for other taxes on income.

Sec. 503. Administrative provisions.

Sec. 504. Taxable years to which title is applicable.

Sec. 505. Application of title to possessions.

Sec. 506. Closing agreements.

TITLE IV—EXPORT, CHARITABLE, ETC., REFUNDS AND FLOOR STOCKS
ADJUSTMENT UNDER AGRICULTURAL ADJUSTMENT ACT

Sec. 601. Refunds under Agricultural Adjustment Act on exports, deliveries for charitable distribution or use, etc.

Sec. 602. Floor stocks as of January 6, 1936.

Sec. 603. Proclamations, etc., made applicable.

Sec. 604. Repeals.

TITLE V—AMENDMENTS TO TAXES ON CERTAIN OILS

Sec. 701. Tax on certain oils.

Sec. 702. Processing tax on certain oils.

Sec. 703. Miscellaneous provisions.

Sec. 704. Effective date.

TITLE VI—MISCELLANEOUS PROVISIONS

Sec. 801. Exemption from admissions tax of certain concerts.

Sec. 802. Suits to enforce liens for taxes.

Sec. 803. Interest on erroneous refunds.

Sec. 804. Interest on overpayments.

Sec. 805. Estate taxes—Revocable transfers.

Sec. 806. Registration under the narcotic laws.

Sec. 807. Reconsideration of refund claims.

Sec. 808. Interest on judgments.

Sec. 809. Termination of jewelry tax.

Sec. 810. Tax on furs.

Sec. 811. Importation of shingles.

TITLE VII—REFUNDS OF AMOUNTS COLLECTED UNDER THE AGRICULTURAL ADJUSTMENT ACT

- Sec. 901. Repeals.*
Sec. 902. Conditions on allowance of refunds.
Sec. 903. Filing of claims.
Sec. 904. Statute of limitations.
Sec. 905. Jurisdiction of courts.
Sec. 906. Procedure on claims for refunds of processing taxes.
Sec. 907. Evidence and presumptions.
Sec. 908. Interest on claims.
Sec. 909. Limitations on review.
Sec. 910. Liability of collectors.
Sec. 911. Inapplicability to certain refunds.
Sec. 912. Period not extended.
Sec. 913. Definitions.
Sec. 914. Authority of Commissioner.
Sec. 915. Salaries and administrative expenses.
Sec. 916. Personnel.

TITLE VIII—GENERAL PROVISIONS

- Sec. 1001. Definitions.*
Sec. 1002. Separability clause.
Sec. 1003. Effective date of Act.

Amendment numbered 281:

The committee of conference have come to no agreement on amendment numbered 281.

R. L. DOUGHTON,
 SAM B. HILL,
 THOS. H. CULLEN,
 FRED M. VINSON,
 JERE COOPER,

Managers on the part of the House.

WILLIAM H. KING
 WALTER F. GEORGE,
 DAVID I. WALSH,
 ALBEN W. BARKLEY,
 TOM CONNALLY,
 ROBERT M. LA FOLLETTE, JR.,

Managers on the part of the Senate.