

## TERMINATION OF WARTIME TAX PROVISIONS

JULY 25, 1947.—Ordered to be printed

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

### CONFERENCE REPORT

[To accompany H. R. 4069]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4069) to terminate certain tax provisions before the end of World War II, 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 14.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, 18, and 19, and agree to the same.

HAROLD KNUTSON,  
DANIEL A. REED,  
ROY O. WOODRUFF,  
JERE COOPER,  
WILBUR D. MILLS,

*Managers on the Part of the House.*

E. D. MILLIKIN,  
ROBERT TAFT,  
WALTER F. GEORGE,

*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. 4069) to terminate certain tax provisions before the end of World War II, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: The House bill provided that for the purposes of the proviso of section 511 (h) of the Merchant Marine Act, 1936, the present war shall be considered as having terminated on the fifteenth day after the date of the enactment of the bill. The Senate amendment provides that for such purposes the present war shall be considered as having terminated on March 31, 1948. The House recedes.

Amendment No. 2. The House bill amended section 22 (b) (13) of the Internal Revenue Code so as to terminate on December 31, 1947, the income-tax exclusion of \$1,500 of service pay now allowed to commissioned officers or commissioned warrant officers serving in the armed forces of the United States and to citizens or residents of the United States serving in the armed forces of any of the other United Nations. The Senate amendment provides that such income-tax exclusion shall not terminate until December 31, 1948. The House recedes.

Amendment No. 3: The House bill amended section 22 (b) (13) of the code so as to terminate on December 31, 1947, the income-tax exclusion of all service pay allowed under existing law to personnel serving in the armed forces of the United States below the grade of commissioned officer (or commissioned warrant officer). The Senate amendment provides that such income-tax exclusion shall not terminate until December 31, 1948. The House recedes.

Amendments Nos. 4 and 5: The House bill amended section 22 (d) (6) (A) of the code which makes special provisions, in the case of taxpayers using the last-in first-out method for income-tax reporting, for replacement of inventories depleted by involuntary liquidation because of circumstances related to the war. Section 8 of the House bill provided that the relief under section 22 (d) (6) (A) of the code is allowable if the involuntary liquidation occurred in a taxable year beginning prior to August 1, 1947 (instead of prior to the termination of the war), and the replacement occurred in a taxable year ending prior to August 1, 1950 (instead of not more than three years after the termination of the war). Amendment No. 4 substitutes for the date August 1, 1947, the date January 1, 1948; and amendment No. 5 substitutes for the date August 1, 1950, the date January 1, 1951. The House recedes.

Amendment No. 6: The House bill amended section 1621 (a) of the code by striking out paragraph (1) thereof which excludes from the

definition of wages, and hence for withholding of income tax at source, remuneration for services performed as a member of the military or naval forces of the United States. The House bill provided that the amendment striking out paragraph (1) should be applicable with respect to wages paid on or after January 1, 1948. The Senate amendment provides that such amendment shall be applicable with respect to wages paid on or after January 1, 1949. The House recedes.

Amendment No. 7: This is a clerical amendment and the House recedes.

Amendment No. 8: This is a clerical amendment and the House recedes.

Amendment No. 9: This is a clerical amendment and the House recedes.

Amendment No. 10: This amendment provides for percentage depletion at the rate of 15 percent in the case of bauxite for taxable years beginning after December 31, 1946. The House recedes.

Amendment No. 11: This amendment provides for percentage depletion at the rate of 15 percent in the case of pyrophyllite for taxable years beginning after December 31, 1946. The House recedes.

Amendment No. 12: This amendment provides for percentage depletion at the rate of 15 percent in the case of phosphate rock for taxable years beginning after December 31, 1946. The House recedes.

Amendment No. 13: This amendment provides for percentage depletion at the rate of 15 percent in the case of trona for taxable years beginning after December 31, 1946. The House recedes.

Amendment No. 14: This amendment provides, with respect to percentage depletion, that—

In the case of potash and thenardite, whether extracted from a mine or from a brine or other deposit, there shall be included in gross and net income from the property the income from other minerals or mineral salts extracted therefrom.

The Senate recedes.

Amendment No. 15: This is a technical amendment and the House recedes.

Amendment No. 16: This is a technical amendment and the House recedes.

Amendment No. 17: This is a technical amendment and the House recedes.

Amendment No. 18: This is a technical amendment and the House recedes.

Amendment No. 19: The Senate amendment adds a section 16 to the bill, for which there is no corresponding provision in the bill as passed by the House. Section 23 (q) (2) of the code provides that contributions or gifts (for religious, charitable, educational, etc., purposes) made by a corporation to an unincorporated association (trust, chest, fund, or foundation) are not deductible if made within a taxable year beginning after December 31, 1946 (the date of cessation of hostilities in the present war, as proclaimed by the President) unless such contributions or gifts are to be used within the United States or any of its possessions. The Senate amendment adding section 16 to the bill amends section 23 (q) (2) so that the requirement that such gifts or contributions must be used within the United States

or any of its possessions is applicable only to taxable years beginning after December 31, 1948, instead of December 31, 1946, as provided under existing law. The House recesses.

HAROLD KNUTSON,  
DANIEL A. REED,  
ROY O. WOODRUFF,  
JERE COOPER,  
WILBUR D. MILLS,  
*Managers on the Part of the House.*

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