

Public Law 91-614

AN ACT

December 31, 1970
[H. R. 16199]

To establish a working capital fund for the Department of the Treasury; to amend the Internal Revenue Code of 1954 to accelerate the collection of estate and gift taxes, to continue excise taxes on passenger automobiles and communications services; and for other purposes.

Excise, Estate,
and Gift Tax Ad-
justment Act of
1970.

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

SECTION 1. SHORT TITLE, ETC.

(a) **SHORT TITLE.**—This Act may be cited as the “Excise, Estate, and Gift Tax Adjustment Act of 1970”.

(b) Wherever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954,

68A Stat. 3.
26 USC 1.

TITLE I—ESTATE AND GIFT TAXES**SEC. 101. ESTATE TAX.**

(a) **ALTERNATE VALUATION.**—Section 2032 (relating to alternate valuation) is amended—

- (1) by striking out “1 year” each place it appears and inserting in lieu thereof “6 months”, and
- (2) by striking out “1-year” and inserting in lieu thereof “6-month”.

(b) **TIME FOR FILING ESTATE TAX RETURNS.**—Section 6075(a) (relating to time for filing estate tax returns) is amended by striking out “15 months” and inserting in lieu thereof “9 months”.

70 Stat. 1075.

(c) **CERTAIN REQUESTS SUBJECT TO POWER OF APPOINTMENT.**—Section 2055(b) (2) (C) is amended by striking out “one year” and inserting in lieu thereof “6 months”.

(d) **DISCHARGE OF FIDUCIARY FROM PERSONAL LIABILITY FOR ESTATE TAX.**—

68A Stat. 401.

(1) Section 2204 (relating to discharge of executor from personal liability) is amended—

(A) by striking out “EXECUTOR” in the heading of such section and inserting in lieu thereof “FIDUCIARY”;

(B) by striking out “If the executor” and inserting in lieu thereof “(a) GENERAL RULE.—If the executor”;

(C) by amending the last sentence thereof to read as follows: “The executor, on payment of the amount of which he is notified (other than any amount the time for payment of which is extended under section 6161, 6163, or 6166), and on furnishing any bond which may be required for any amount for which the time for payment is extended, shall be discharged from personal liability for any deficiency in tax thereafter found to be due and shall be entitled to a receipt or writing showing such discharge.”; and

(D) by adding at the end thereof the following new subsection:

“(b) **FIDUCIARY OTHER THAN THE EXECUTOR.**—If a fiduciary (not including a fiduciary in respect of the estate of a nonresident decedent) other than the executor makes written application to the Secretary or his delegate for determination of the amount of any estate tax for which the fiduciary may be personally liable, and for discharge from personal liability therefor, the Secretary or his delegate upon the discharge of the executor from personal liability under subsection (a),

Post, p. 1838.
78 Stat. 129.
72 Stat. 1681.

or upon the expiration of 6 months after the making of such application by the fiduciary, if later, shall notify the fiduciary (1) of the amount of such tax for which it has been determined the fiduciary is liable, or (2) that it has been determined that the fiduciary is not liable for any such tax. Such application shall be accompanied by a copy of the instrument, if any, under which such fiduciary is acting, a description of the property held by the fiduciary, and such other information for purposes of carrying out the provisions of this section as the Secretary or his delegate may require by regulations. On payment of the amount of such tax for which it has been determined the fiduciary is liable (other than any amount the time for payment of which has not been extended under section 6161, 6163, or 6166), and on furnishing any bond which may be required for any amount for which the time for payment has been extended, or on receipt by him of notification of a determination that he is not liable for any such tax, the fiduciary shall be discharged from personal liability for any deficiency in such tax thereafter found to be due and shall be entitled to a receipt or writing evidencing such discharge."

Post, p. 1838.
78 Stat. 129.
72 Stat. 1681.
26 USC 6161,
6163, 6166.

(2) Sections 6040(2), 6314(c)(2), 6324(a)(3), and 6504(9) are each amended by striking out "executor" each place it appears in the heading and text of such sections and inserting in lieu thereof "fiduciary".

68A Stat. 744;
78 Stat. 73.
80 Stat. 1132.

(3) The table of sections for subchapter C of chapter 11 is amended by striking out

"Sec. 2204. Discharge of executor from personal liability."

and inserting in lieu thereof:

"Sec. 2204. Discharge of fiduciary from personal liability."

(e) DISCHARGE OF EXECUTOR FROM PERSONAL LIABILITY FOR DECEDENT'S INCOME AND GIFT TAXES.—

(1) Chapter 71 (relating to transferees and fiduciaries) is amended by adding at the end thereof the following new section:

68A Stat. 841.

"SEC. 6905. DISCHARGE OF EXECUTOR FROM PERSONAL LIABILITY FOR DECEDENT'S INCOME AND GIFT TAXES.

"(a) DISCHARGE OF LIABILITY.—In the case of liability of a decedent for taxes imposed by subtitle A or by chapter 12, if the executor makes written application (filed after the return with respect to such taxes is made and filed in such manner and such form as may be prescribed by regulations of the Secretary or his delegate) for release from personal liability for such taxes, the Secretary or his delegate may notify the executor of the amount of such taxes. The executor, upon payment of the amount of which he is notified, or 1 year after receipt of the application if no notification is made by the Secretary or his delegate before such date, shall be discharged from personal liability for any deficiency in such tax thereafter found to be due and shall be entitled to a receipt or writing showing such discharge.

"(b) DEFINITION OF EXECUTOR.—For purposes of this section, the term 'executor' means the executor or administrator of the decedent appointed, qualified, and acting within the United States.

"Executor,"

"(c) CROSS REFERENCE.—

"For discharge of executor from personal liability for taxes imposed under chapter 11, see section 2204."

(2) The table of sections for chapter 71 is amended by adding at the end thereof the following:

"Sec. 6905. Discharge of executor from personal liability for decedent's income and gift taxes."

(f) **REDUCTION OF PERIOD FOR DISCHARGE OF EXECUTOR FROM PERSONAL LIABILITY.**—Effective with respect to the estates of decedents dying after December 31, 1973, sections 2204 and 6905 are each amended by striking out “1 year” and inserting in lieu thereof “9 months”.

Ante, pp. 1836,
1837.

(g) **HOLDING PERIOD OF PROPERTY.**—Section 1223 (relating to holding period of property) is amended by redesignating paragraph (11) as paragraph (12) and by inserting after paragraph (10) the following new paragraph:

68 A Stat. 324;
76 Stat. 1041.
26 USC 1223.

“(11) In the case of a person acquiring property from a decedent or to whom property passed from a decedent (within the meaning of section 1014(b)), if—

68 A Stat. 296.

“(A) the basis of such property in the hands of such person is determined under section 1014, and

“(B) such property is sold or otherwise disposed of by such person within 6 months after the decedent’s death, then such person shall be considered to have held such property for more than 6 months.”

(h) **EXTENSION OF TIME.**—The first sentence of paragraph (1) of subsection (a) of section 6161 (relating to extension of time for paying tax) is amended by striking out “6 months” and inserting in lieu thereof “6 months (12 months in the case of estate tax)”.

72 Stat. 1684.

(i) **PLACE FOR FILING RETURNS.**—

80 Stat. 1107.

(1) Paragraph (3) of section 6091(b) (relating to place for filing returns or other documents) is amended to read as follows:

“(3) **ESTATE TAX RETURNS.**—

“(A) **GENERAL RULE.**—Except as provided in subparagraph (B), returns of estate tax required under section 6018 shall be made to the Secretary or his delegate—

“(i) in the internal revenue district in which was the domicile of the decedent at the time of his death, or

“(ii) at a service center serving the internal revenue district referred to in clause (i), as the Secretary or his delegate may by regulations designate.

“(B) **EXCEPTION.**—If the domicile of the decedent was not in an internal revenue district, or if he had no domicile, the estate tax return required under section 6018 shall be made at such place as the Secretary or his delegate may by regulations designate.”

80 Stat. 1574.

(2) Paragraph (4) of section 6091(b) is amended to read as follows:

“(4) **HAND-CARRIED RETURNS.**—Notwithstanding paragraph (1), (2), or (3), a return to which paragraph (1)(A), (2)(A), or (3)(A) would apply, but for this paragraph, which is made to the Secretary or his delegate by hand-carrying shall, under regulations prescribed by the Secretary or his delegate, be made in the internal revenue district referred to in paragraph (1)(A)(i), (2)(A)(i), or (3)(A)(i), as the case may be.”

(j) **EFFECTIVE DATE.**—The amendments made by this section (other than subsection (f)) shall apply with respect to decedents dying after December 31, 1970.

SEC. 102. GIFT TAX.

(a) **AMENDMENTS TO SUBCHAPTER A OF CHAPTER 12.**—

(1) **SECTION 2501.**—

(A) Paragraph (1) of subsection (a) of section 2501 is amended to read as follows:

“(1) **GENERAL RULE.**—For the first calendar quarter of calendar year 1971 and each calendar quarter thereafter a tax, computed

as provided in section 2502, is hereby imposed on the transfer of property by gift during such calendar quarter by any individual, resident or nonresident.”

(B) Paragraph (4) of such subsection is amended by striking out “calendar year” and inserting in lieu thereof “calendar quarter”.

80 Stat. 1574.
26 USC 2501.

(2) SECTION 2502.—

68A Stat. 403.

(A) So much of subsection (a) of section 2502 as precedes the rate schedule is amended to read as follows:

“(a) COMPUTATION OF TAX.—The tax imposed by section 2501 for each calendar quarter shall be an amount equal to the excess of—

Ante, p. 1838.

“(1) a tax, computed in accordance with the rate schedule set forth in this subsection, on the aggregate sum of the taxable gifts for such calendar quarter and for each of the preceding calendar years and calendar quarters, over

“(2) a tax, computed in accordance with such rate schedule, on the aggregate sum of the taxable gifts for each of the preceding calendar years and calendar quarters.”

(B) Subsections (b) and (c) of section 2502 are amended to read as follows:

“(b) CALENDAR QUARTER.—Wherever used in this title in connection with the gift tax imposed by this chapter, the term ‘calendar quarter’ includes only the first calendar quarter of the calendar year 1971 and succeeding calendar quarters.

“(c) PRECEDING CALENDAR YEARS AND QUARTERS.—Wherever used in this title in connection with the gift tax imposed by this chapter—

“(1) The term ‘preceding calendar years’ means calendar years 1932 and 1970 and all calendar years intervening between calendar year 1932 and calendar year 1970. The term ‘calendar year 1932’ includes only the portion of such year after June 6, 1932.

“(2) The term ‘preceding calendar quarters’ means the first calendar quarter of calendar year 1971 and all calendar quarters intervening between such calendar quarter and the calendar quarter for which the tax is being computed.”

(3) SECTION 2503.—

(A) Subsection (a) of section 2503 is amended to read as follows:

“(a) GENERAL DEFINITION.—The term ‘taxable gifts’ means, in the case of gifts made after December 31, 1970, the total amount of gifts made during the calendar quarter, less the deductions provided in subchapter C (sec. 2521 and following). In the case of gifts made before January 1, 1971, such term means the total amount of gifts made during the calendar year, less the deductions provided in subchapter C.”

(B) The heading and first sentence of subsection (b) of section 2503 are amended to read as follows:

“(b) EXCLUSIONS FROM GIFTS.—In computing taxable gifts for the calendar quarter, in the case of gifts (other than gifts of future interests in property) made to any person by the donor during the calendar year 1971 and subsequent calendar years, \$3,000 of such gifts to such person less the aggregate of the amounts of such gifts to such person during all preceding calendar quarters of the calendar year shall not, for purposes of subsection (a), be included in the total amount of gifts made during such quarter.”

(4) SECTION 2504.—

(A) Section 2504 is amended to read as follows:

“SEC. 2504. TAXABLE GIFTS FOR PRECEDING YEARS AND QUARTERS.

“(a) **IN GENERAL.**—In computing taxable gifts for preceding calendar years or calendar quarters for the purpose of computing the tax for any calendar quarter, there shall be treated as gifts such transfers as were considered to be gifts under the gift tax laws applicable to the years or calendar quarters in which the transfers were made and there shall be allowed such deductions as were provided for under such laws; except that the specific exemption in the amount, if any, allowable under section 2521 shall be applied in all computations in respect of previous calendar years or calendar quarters for the purpose of computing the tax for any calendar year or calendar quarter.

Post, P. 1841.

“(b) **EXCLUSIONS FROM GIFTS FOR PRECEDING YEARS AND QUARTERS.**—In the case of gifts made to any person by the donor during preceding calendar years and calendar quarters, the amount excluded, if any, by the provisions of gift tax laws applicable to the years and calendar quarters in which the gifts were made shall not, for purposes of subsection (a), be included in the total amount of the gifts made during such years and calendar quarters.

“(c) **VALUATION OF CERTAIN GIFTS FOR PRECEDING CALENDAR YEARS AND QUARTERS.**—If the time has expired within which a tax may be assessed under this chapter or under corresponding provisions of prior laws on the transfer of property by gift made during a preceding calendar year or calendar quarter, as defined in section 2502(c), and if a tax under this chapter or under corresponding provisions of prior laws has been assessed or paid for such preceding calendar year or calendar quarter, the value of such gift made in such preceding calendar year or calendar quarter shall, for purposes of computing the tax under this chapter for any calendar quarter, be the value of such gift which was used in computing the tax for the last preceding calendar year or calendar quarter for which a tax under this chapter or under corresponding provisions of prior laws was assessed or paid.

Ante, P. 1839.

“(d) **NET GIFTS.**—The term ‘net gifts’ as used in corresponding provisions of prior laws shall be read as ‘taxable gifts’ for purposes of this chapter.”

(B) The table of sections for subchapter A of chapter 12 is amended by striking out the item relating to section 2504 and inserting in lieu thereof the following:

“Sec. 2504. Taxable gifts for preceding years and quarters.”

(b) **AMENDMENTS TO SUBCHAPTER B OF CHAPTER 12.**—

68A Stat. 406.
26 USC 2512.

(1) **SECTION 2512.**—Subsection (b) of section 2512 is amended by striking out “calendar year” and inserting in lieu thereof “calendar quarter”.

(2) **SECTION 2513.**—

(A) Section 2513 is amended by striking out “calendar year” each place it appears and inserting in lieu thereof “calendar quarter”.

(B) Subparagraph (A) of subsection (b)(2) of section 2513 is amended to read as follows:

“(A) the consent may not be signified after the 15th day of the second month following the close of such calendar quarter, unless before such 15th day no return has been filed for such calendar quarter by either spouse, in which case the consent may not be signified after a return for such calendar quarter is filed by either spouse;”.

(C) Subparagraph (B) of subsection (b)(2) of section 2513 is amended by striking out "such year" and inserting in lieu thereof "such calendar quarter".

68A Stat. 406.
26 USC 2513.

(D) Subsection (c) of section 2513 is amended by striking out "15th day of April following the close of such year" and inserting in lieu thereof "15th day of the second month following the close of such calendar quarter".

(E) Subsection (d) of section 2513 is amended by striking out "such year" and inserting in lieu thereof "such calendar quarter".

(3) SECTION 2515.—Subsection (c) of section 2515 is amended by striking out "calendar year" and inserting in lieu thereof "calendar quarter".

(c) AMENDMENTS TO SUBCHAPTER C OF CHAPTER 12.—

(1) SECTION 2521.—Section 2521 is amended to read as follows:

"SEC. 2521. SPECIFIC EXEMPTION.

"In computing taxable gifts for a calendar quarter, there shall be allowed as a deduction in the case of a citizen or resident an exemption of \$30,000, less the aggregate of the amounts claimed and allowed as a specific exemption in the computation of gift taxes for the calendar year 1932 and all calendar years and calendar quarters intervening between that calendar year and the calendar quarter for which the tax is being computed under the laws applicable to such years or calendar quarters."

(2) SECTION 2522.—Section 2522 is amended by striking out "year" each place it appears and inserting in lieu thereof "quarter".

(3) SECTION 2523.—Subsection (a) of section 2523 is amended by striking out "year" each place it appears and inserting in lieu thereof "quarter".

(d) MISCELLANEOUS AMENDMENTS.—

(1) Paragraph (2) of subsection (d) of section 1015 (relating to increased basis for gift tax paid) is amended—

72 Stat. 1640.

(A) by striking out "calendar year" the first place it appears therein and inserting in lieu thereof "calendar quarter (or calendar year if the gift was made before January 1, 1971)", and

(B) by striking out "calendar year" every other place it appears therein and inserting in lieu thereof "calendar quarter or year".

(2) SECTION 2012.

(A) Paragraph (1) of subsection (b) of section 2012 (relating to credit for gift tax) and paragraph (1) of subsection (d) of such section are each amended by striking out "the year" and inserting in lieu thereof "the calendar quarter (or calendar year if the gift was made before January 1, 1971)".

(B) Subsection (d) of section 2012 is amended by striking out "such year" each place it appears therein and inserting in lieu thereof "such quarter or year".

(3) Section 6019 (relating to gift tax returns) is amended to read as follows:

"SEC. 6019. GIFT TAX RETURNS.

"(a) IN GENERAL.—Any individual who in any calendar quarter makes any transfers by gift (other than transfers which under section 2503(b) are not to be included in the total amount of gifts for such

Ante, p. 1839.

quarter and other than qualified charitable transfers) shall make a return for such quarter with respect to the gift tax imposed by subtitle B.

“(b) QUALIFIED CHARITABLE TRANSFERS.—

“(1) RETURN REQUIREMENT.—A return shall be made of any qualified charitable transfer—

“(A) for the first calendar quarter, in the calendar year in which the transfer is made, for which a return is required to be filed under subsection (a), or

“(B) if no return is required to be filed under subparagraph (A), for the fourth calendar quarter in the calendar year in which such transfer is made.

A return made pursuant to the provisions of this paragraph shall be deemed to be a return with respect to any transfer reported as a qualified charitable transfer for the calendar quarter in which such transfer was made.

“(2) DEFINITION OF QUALIFIED CHARITABLE TRANSFER.—For purposes of this section, the term ‘qualified charitable transfer’ means a transfer by gift with respect to which a deduction is allowable under section 2522 in an amount equal to the amount transferred.

“(c) TENANCY BY THE ENTIRETY.—

“For provisions relating to requirement of return in the case of election as to the treatment of gift by creation of tenancy by the entirety, see section 2515(c).”

(4) Subsection (b) of section 6075 (relating to time for filing gift tax returns) is amended to read as follows:

“(b) GIFT TAX RETURNS.—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.”

(5) Paragraph (1) of subsection (c) of section 6212 (relating to notice of deficiency) is amended by striking out “calendar year” and inserting in lieu thereof “calendar quarter”.

(6) Subsection (b) of section 6214 (relating to determination by Tax Court) is amended to read as follows:

“(b) JURISDICTION OVER OTHER YEARS AND QUARTERS.—The Tax Court in redetermining a deficiency of income tax for any taxable year or of gift tax for any calendar year or calendar quarter shall consider such facts with relation to the taxes for other years or calendar quarters as may be necessary correctly to redetermine the amount of such deficiency, but in so doing shall have no jurisdiction to determine whether or not the tax for any other year or calendar quarter has been overpaid or underpaid.”

(7) Subsection (b) of section 6324 (relating to lien for gift tax) is amended by striking out “calendar year” and inserting in lieu thereof “period for which the return was filed”.

(8) Paragraph (2) of section 6501(e) (relating to limitations on assessment and collection) is amended by striking out “during the year” and inserting in lieu thereof “during the period for which the return was filed”.

(9) Section 6512 (relating to limitations in case of petition to Tax Court) is amended by striking out “the same calendar year” each place it appears therein and inserting in lieu thereof “the same calendar year or calendar quarter”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to gifts made after December 31, 1970.

68 A Stat. 410;
83 Stat. 561.
26 USC 2522.

Ante, p. 1841.

80 Stat. 1132.

TITLE II—CONTINUATION OF EXCISE TAXES ON PASSENGER AUTOMOBILES AND COMMUNICATIONS SERVICES

SEC. 201. RATES OF TAX.

(a) PASSENGER AUTOMOBILES.—

(1) IN GENERAL.—Section 4061(a)(2)(A) (relating to tax on passenger automobiles, etc.) is amended to read as follows:

83 Stat. 660.
26 USC 4061.

“(A) Articles enumerated in subparagraph (B) are taxable at whichever of the following rates is applicable:

“If the article is sold—	The tax rate is—
Before January 1, 1973.....	7 percent.
During 1973.....	6 percent.
During 1974, 1975, 1976, or 1977.....	5 percent.
During 1978.....	4 percent.
During 1979.....	3 percent.
During 1980.....	2 percent.
During 1981.....	1 percent.

The tax imposed by this subsection shall not apply with respect to articles enumerated in subparagraph (B) which are sold by the manufacturer, producer, or importer, after December 31, 1981.”

(2) CONFORMING AMENDMENT.—Section 6412(a)(1) (relating to the floor stocks refunds on passenger automobiles, etc.) is amended by striking out “January 1, 1971, January 1, 1972, January 1, 1973, or January 1, 1974”, and inserting in lieu thereof “January 1 of 1973, 1974, 1978, 1979, 1980, 1981, or 1982”.

79 Stat. 141;
83 Stat. 660.

(b) COMMUNICATIONS SERVICES.—

(1) CONTINUATION OF TAX.—Section 4251(a)(2) (relating to tax on certain communications services) is amended by striking out the table and inserting in lieu thereof the following table:

“Amounts paid pursuant to bills first rendered—	Percent—
Before January 1, 1973.....	10
During 1973.....	9
During 1974.....	8
During 1975.....	7
During 1976.....	6
During 1977.....	5
During 1978.....	4
During 1979.....	3
During 1980.....	2
During 1981.....	1”.

(2) CONFORMING AMENDMENT.—Section 4251(b) (relating to termination of tax) is amended by striking out “January 1, 1974”, and inserting in lieu thereof “January 1, 1982”.

(3) REPEAL OF SUBCHAPTER B OF CHAPTER 33.—Section 105 (b) (3) of the Revenue and Expenditure Control Act of 1968 (82 Stat. 266) is amended to read as follows:

26 USC 4251
note.

“(3) REPEAL OF SUBCHAPTER B OF CHAPTER 33.—Effective with respect to amounts paid pursuant to bills first rendered on or after January 1, 1982, subchapter B of chapter 33 (relating to the tax on communications) is repealed. For purposes of the preceding sentence, in the case of communications services rendered before November 1, 1981, for which a bill has not been rendered before January 1, 1982, a bill shall be treated as having been first rendered on December 31, 1981. Effective January 1, 1982, the table of subchapters for chapter 33 is amended by striking out the item relating to such subchapter B.”

79 Stat. 145.

TITLE III—TECHNICAL EXCISE TAX CHANGES

SEC. 301. CONSTRUCTIVE SALE PRICE.

(a) DETERMINATION OF CONSTRUCTIVE SALE PRICE.—Section 4216(b) (relating to constructive sale price) is amended by adding at the end thereof the following new paragraphs:

“(5) CONSTRUCTIVE SALE PRICE IN THE CASE OF AUTOMOBILES, TRUCKS, ETC.—In the case of articles the sale of which is taxable under section 4061(a) (relating to automobiles, trucks, etc.), for purposes of paragraph (1), if—

“(A) the manufacturer, producer, or importer of the article regularly sells such article to a distributor which is a member of the same affiliated group of corporations (as defined in section 1504(a)) as the manufacturer, producer, or importer, and

“(B) such distributor regularly sells such article to one or more independent retailers,

the constructive sale price of such article shall be 98½ percent of the lowest price for which such distributor regularly sells such article in arm's-length transactions to such independent retailers. The price determined under this paragraph shall not be adjusted for any exclusion (except for the tax imposed on such article) or readjustments under subsections (a) and (f) and under section 6416(b) (1).

“(6) DEFINITION OF LOWEST PRICE.—For purposes of paragraphs (1), (3), and (5), the lowest price shall be determined—

“(A) without requiring that any given percentage of sales be made at that price, and

“(B) without including any fixed amount to which the purchaser has a right as a result of contractual arrangements existing at the time of the sale.”

(b) CONFORMING AMENDMENTS.—

(1) The first sentence of paragraph (3) of section 4216(b) is amended by striking out “paragraph (4)” and inserting in lieu thereof “paragraphs (4) and (5)”.

(2) Paragraphs (3) and (4) of section 4216(b) are amended—

(A) by striking out “Fair market price” in the heading and inserting in lieu thereof “Constructive sale price”;

(B) by striking out “fair market price” each place it appears in the text and inserting in lieu thereof “constructive sale price”; and

(C) by striking out “paragraph (1)(C)” and inserting in lieu thereof “paragraph (1)”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to articles sold after December 31, 1970; except that section 4216(b)(6) of the Internal Revenue Code of 1954 (as added by subsection (a)) shall also apply to (1) the application of paragraph (1) of such section 4216(b) to articles sold after June 30, 1962, and before January 1, 1971, and (2) the application of paragraph (3) of such section 4216(b) to articles sold after December 31, 1969, and before January 1, 1971.

72 Stat. 1279;
83 Stat. 725.
26 USC 4216.

Ante, p. 1843.

68 A Stat. 369.

SEC. 302. CREDITS IN THE CASE OF CERTAIN FURTHER MANUFACTURING.

(a) IN GENERAL.—

(1) Section 6416(b)(3) (relating to tax-paid articles used for further manufacture) is amended—

72 Stat. 1306.
26 USC 6416.

(A) by striking out “to a second manufacturer or producer, such tax shall be deemed to be an overpayment by such second manufacturer or producer if” and inserting in lieu thereof “and such article is sold to a subsequent manufacturer or producer before being used, such tax shall be deemed to be an overpayment by such subsequent manufacturer or producer if”; and

(B) by striking out “the second manufacturer” each place it appears in subparagraphs (A), (B), (C), (E), and (F) and inserting in lieu thereof “the subsequent manufacturer”.

74 Stat. 38;
75 Stat. 126.

(2) Section 6416(c) (relating to credit for tax paid on tires or inner tubes) is amended by striking out the last sentence thereof.

79 Stat. 154.

(b) CONFORMING AMENDMENT.—Section 6416(b)(2) (relating to specified uses and resales) is amended by striking out subparagraph (E).

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) of this section shall apply only with respect to claims for credit or refund filed after the date of the enactment of this Act, but only if the filing of the claim is not barred on the day after the date of the enactment of this Act by any law or rule of law.

SEC. 303. CERTAIN CAMPER UNITS.

(a) GENERAL RULE.—Section 4063(a)(1)(B) (relating to exemptions for camper coaches, etc.) is amended by inserting “or camping accommodations” after “living quarters”.

79 Stat. 157.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) of this section shall apply with respect to sales made on or after the date of the enactment of this Act.

SEC. 304. NEW CAR LABELS TO SHOW RATE OF APPLICABLE FEDERAL MANUFACTURERS EXCISE TAX.

(a) GENERAL RULE.—In the case of any new automobile distributed in commerce after March 31, 1971, on the sale of which by the manufacturer, producer, or importer tax was imposed by section 4061(a) of the Internal Revenue Code of 1954, any person required by section 3 of the Automobile Information Disclosure Act (15 U.S.C., sec. 1232) to affix a label to such new automobile shall include in such label a clear, distinct, and legible endorsement stating—

Anfe, p. 1843.

- (1) that Federal excise tax was imposed on such sale, and
- (2) the percentage rate at which such tax was imposed.

72 Stat. 326.

(b) PENALTY.—Any person required by subsection (a) of this section to endorse any label who willfully fails to endorse clearly, distinctly, and legibly such label as required by subsection (a), or who makes a false endorsement of such label, shall be fined not more than \$1,000. Such failure or false endorsement with respect to each automobile shall constitute a separate offense.

SEC. 305. CHANGE IN TAX ON NON-TURBINE-POWERED AIRCRAFT.

Ante, p. 243.

(a) **EXEMPTION OF FIRST 2,500 POUNDS.**—Section 4491(a)(2) (relating to tax on use of civil aircraft) is amended by striking out clause (A) and inserting in lieu thereof “(A) in the case of an aircraft (other than a turbine-engine-powered aircraft), 2 cents a pound for each pound of the maximum certificated takeoff weight in excess of 2,500 pounds, or”.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall take effect on July 1, 1971.

TITLE IV—TREASURY DEPARTMENT WORKING CAPITAL FUND

SEC. 401. ESTABLISHMENT OF FUND.

There is hereby established a working capital fund for the Department of the Treasury, which shall be available, without fiscal year limitation, for expenses and equipment necessary for maintenance and operation of such administrative services as the Secretary of the Treasury, with the approval of the Director of the Office of Management and Budget, determines may be performed more advantageously and more economically as central services. The capital of the fund shall not exceed \$1,000,000 and shall consist of the amount of the fair and reasonable value of such supply inventories, equipment, and other assets and inventories on order, pertaining to the services to be carried on by the fund, as the Secretary of the Treasury may transfer to the fund, less the related liabilities and unpaid obligations, together with any appropriations made for the purpose of providing capital. The fund shall be reimbursed, or credited with advance payments, from applicable appropriations and funds of the Department of the Treasury, other Federal agencies, and other sources authorized by law, for supplies and services at rates which will recover the expense of operations, including accrual of annual leave and depreciation of plant and equipment of the fund. The fund shall also be credited with other receipts from sale or exchange of property or in payment for loss or damage to property held by the fund. There shall be transferred into the Treasury as miscellaneous receipts, as of the close of each fiscal year, earnings which the Secretary of the Treasury determines to be excess to the needs of the fund. There are hereby authorized to be appropriated such amounts as may be necessary to provide capital for the fund.

TITLE V—CARRY FORWARD IN COMPUTING MINIMUM TAX ON TAX PREFERENCES

SEC. 501. 7-YEAR CARRY FORWARD.

83 Stat. 580.

(a) **IN GENERAL.**—Section 56 (relating to imposition of minimum tax for tax preferences) is amended—

(1) by striking out paragraph (2) of subsection (a) and inserting in lieu thereof the following:

“(2) the sum of—

“(A) the taxes imposed by this chapter for the taxable year (computed without regard to this part and without regard to the taxes imposed by sections 531 and 541) reduced by the sum of the credits allowable under—

“(i) section 33 (relating to foreign tax credit),

“(ii) section 37 (relating to retirement income), and

“(iii) section 38 (relating to investment credit); and

68A Stat. 179.
78 Stat. 79.

76 Stat. 962.

“(B) the tax carry overs to the taxable year.”; and

(2) by adding at the end of such section the following new subsection:

“(c) TAX CARRY OVERS.—If for any taxable year—

“(1) the taxes imposed by this chapter (computed without regard to this part and without regard to the taxes imposed by sections 531 and 541) reduced by the sum of the credits allowable under—

“(A) section 33 (relating to foreign tax credit),

“(B) section 37 (relating to retirement income), and

“(C) section 38 (relating to investment credit), exceed

“(2) the sum of the items of tax preference in excess of \$30,000,

68 A Stat. 179.
78 Stat. 79.
26 USC 531, 541.

76 Stat. 962.

then the excess of the taxes described in paragraph (1) over the sum described in paragraph (2) shall be a tax carry over to each of the 7 taxable years following such year. The entire amount of the excess for a taxable year shall be carried to the first of such 7 taxable years, and then to each of the other such taxable years to the extent that such excess is not used to reduce the amount subject to tax under subsection (a) for a prior taxable year to which excess may be carried.”

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years ending after December 31, 1969. In the case of a taxable year beginning in 1969 and ending in 1970, the excess referred to in section 56(c) of the Internal Revenue Code of 1954 (as added by subsection (a)) shall be an amount equal to the excess determined under such section (without regard to the sentence) multiplied by a fraction—

(1) the numerator of which is the number of days in the taxable year occurring after December 31, 1969, and

(2) the denominator of which is the number of days in the entire taxable year.

Approved December 31, 1970.

Public Law 91-615

AN ACT

To amend the Tariff Schedules of the United States to provide that imported articles which are exported and thereafter reimported to the United States for failure to meet sample or specifications shall, in certain instances, be entered free of duty upon such reimportation.

December 31, 1970
[H. R. 9183]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That schedule 8, part 1, subpart A of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by inserting after item 801.00 the following new item:

Reimported articles.
Duty free entry.
77 A Stat. 405.

“ 801.10	Articles, previously imported, with respect to which the duty was paid upon such previous importation if (1) exported within three years after the date of such previous importation, (2) reimported without having been advanced in value or improved in condition by any process of manufacture or other means while abroad, (3) reimported for the reason that such articles do not conform to sample or specifications, and (4) reimported by or for the account of the person who imported them into, and exported them from, the United States.....	Free	Free	”.
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SEC. 2. The amendment made by the first section of this Act shall apply will respect to articles entered, or withdrawn from warehouse, for consumption on or after the date of enactment of this Act and which had not previously been so entered or withdrawn before such date.

Approved December 31, 1970.