

(8) The table of sections for part I of subchapter T of chapter 1 is amended by striking out—

“Sec. 1383. Computation of tax where cooperative redeems non-qualified written notices of allocation.”

and inserting in lieu thereof—

“Sec. 1383. Computation of tax where cooperative redeems non-qualified written notices of allocation or nonqualified per-unit retain certificates.”

(b) TAX TREATMENT BY PATRONS.—

(1) Section 1385(a) is amended by striking out “and” at the end of paragraph (1), by striking out the period at the end of paragraph (2) and inserting in lieu thereof “, and”, and by adding at the end thereof the following new paragraph:

“(3) the amount of any per-unit retain allocation which is paid in qualified per-unit retain certificates and which is received by him during the taxable year from an organization described in section 1381(a).”

(2) The heading for section 1385(c) is amended by striking out “ALLOCATION” and inserting in lieu thereof “ALLOCATION AND CERTAIN NONQUALIFIED PER-UNIT RETAIN CERTIFICATES”.

(3) Section 1385(c) (1) is amended to read as follows:

“(1) APPLICATION OF SUBSECTION.—This subsection shall apply to—

“(A) any nonqualified written notice of allocation which—

“(i) was paid as a patronage dividend, or

“(ii) was paid by an organization described in section 1381(a) (1) on a patronage basis with respect to earnings derived from business or sources described in section 1382(c) (2) (A), and

“(B) any nonqualified per-unit retain certificate which was paid as a per-unit retain allocation.”

(4) Section 1385(c) (2) is amended—

(A) by striking out “nonqualified written notice of allocation” and inserting in lieu thereof “nonqualified written notice of allocation or nonqualified per-unit retain certificate”, and

(B) by striking out “such written notice of allocation” each place it appears and inserting in lieu thereof “such written notice of allocation or per-unit retain certificate”.

(5) The table of parts for subchapter T of chapter 1 is amended by striking out—

“Part II. Tax treatment by patrons of patronage dividends.”

and inserting in lieu thereof—

“Part II. Tax treatment by patrons of patronage dividends and per-unit retain allocations.”

(c) DEFINITIONS.—

(1) (A) Section 1388(e) (1) is amended by striking out “allocation” and inserting in lieu thereof “allocation or a per-unit retain certificate”).

(B) Section 1388(e) (2) is amended by striking out “allocation” and inserting in lieu thereof “allocation or qualified per-unit retain certificate”.

(2) Section 1388 is amended by adding at the end thereof the following new subsections:

“(f) PER-UNIT RETAIN ALLOCATION.—For purposes of this subchapter, the term ‘per-unit retain allocation’ means any allocation, by an organization to which part I of this subchapter applies, other than

76 Stat. 1048.
26 USC 1385.

26 USC 1381.

26 USC 1382.

26 USC 1388.