

(A) and (C). This is true whether or not the period, in the case of the nonresident alien spouse, for assessing a deficiency for a taxable year has otherwise expired at the time of the election. An election made pursuant to subsection (c) in no case is to be considered in effect for any taxable year beginning after December 31, 1966. Furthermore, an election under subsection (c) is not to apply for any taxable year for which the requirements of subsection (a)(1) (A) and (C) are not met.

In determining or redetermining the U.S. income tax of the U.S. citizen spouse, or of the nonresident alien spouse, for any such taxable year for which the election under subsection (c) applies, the provisions of the 1954 code, the 1939 code, or any earlier Revenue Act, whichever was applicable to such taxable year, is to apply.

For purposes of subsections (a) and (c) if the spouses have different taxable years, the period for which the income of the nonresident alien spouse is to be determined in accordance with paragraph (2) of subsection (c) is to be that period falling within 2 consecutive taxable years of the nonresident alien spouse which coincides with the period covered by the open taxable year of the U.S. citizen spouse.

Effect of election

Paragraph (2) of subsection (c) contains rules for the attribution of the community income to the respective spouses for U.S. income tax purposes for all taxable years for which the election made under subsection (c) applies. In general, income which is community income under the community property laws of the governing foreign jurisdiction is to be attributed to the respective spouses in accordance with the rules of subsection (b), which are the rules applicable to elections under subsection (a) for taxable years beginning after December 31, 1966. However, for any taxable year to which the election under subsection (c) applies, the rule of paragraph (4) of subsection (b) does not apply in the case of the election made under subsection (c), but instead all of the community income other than that described in paragraphs (1), (2), and (3) of subsection (b) is to be treated as the income of the spouse who, for such taxable year, had a greater amount of gross income than the other spouse, determined by adding to the amount of the gross income which is separate income of the spouse under the foreign community property laws, the amount of gross community income which is attributed to that spouse by applying the rules of paragraphs (1), (2), and (3) of subsection (b).

(d) *Time for making elections; period of limitations; etc.*—Subsection (d) of new section 981 contains rules applicable to the making of the elections allowed under subsection (a) and (c) and contains special rules relating to the limitation periods on assessment, credits, and refunds, as well as rules relating to the running of interest on overpayments and deficiencies.

Time

Paragraph (1) of subsection (d) provides that the election under subsection (a) or (c) may be made for a taxable year at any time such taxable year is open, and is to be made in such manner as the Secretary of the Treasury or his delegate prescribes by regulations. In the case of the U.S. citizen spouse, the term "open taxable year" is defined in paragraph (2) of subsection (e).