

*Extension of period for assessing deficiencies and making refunds*

Paragraph (2) of subsection (d) provides in effect that the period for assessing a deficiency against either spouse for any taxable year for which an election under subsection (a) or (c) applies, and the period within which a claim for credit or refund of an overpayment for such taxable year may be filed by either spouse, to the extent that such deficiency or overpayment is attributable to such election, is not to expire before 1 year after the date of such election. This extension of the period of limitations applies to both spouses, since under paragraph (2) of subsection (e), discussed below, each taxable year of the nonresident alien spouse to which an election applies is an open taxable year for purposes of paragraph (2) of subsection (d). The extension of the period of limitations under paragraph (2) of subsection (d) does not apply to taxable years of a nonresident alien spouse who is not required, by reason of paragraph (3) of subsection (d), to join in the election allowed by subsection (c).

*Alien spouse need not join in subsection (c) election in certain cases*

Paragraph (3) of subsection (d) provides two circumstances under which the nonresident alien spouse referred to in subsection (a) (1) (C) is not required to join with the U.S. citizen spouse in making the election allowed by subsection (c) in order to make such election valid. Pursuant to subsection (d) (3), the nonresident alien spouse is not required to join in the election made under subsection (c) by the U.S. citizen spouse if the Secretary of the Treasury or his delegate determines that (1) the election under subsection (c) would not affect the U.S. income tax liability of the nonresident alien spouse for any taxable year beginning before January 1, 1967, or (2) the effect of the election on the nonresident alien spouse's liability for U.S. income tax for any such taxable year cannot be ascertained and that to deny the election under subsection (c) to the U.S. citizen spouse for open taxable years beginning before January 1, 1967, would be inequitable and cause undue hardship.

*Interest*

Paragraph (4) of subsection (d) delays the running of interest on a deficiency or overpayment of tax attributable to the making of the election allowed under subsection (a) or (c), so that interest on such a deficiency or overpayment is not to be paid or allowed for any period before the day which is 1 year after the date of such election.

(e) *Definitions and special rules.*—Subsection (e) of new section 981 contains definitions and special rules necessary for the application of the provisions of such section.

Paragraph (1) provides that deductions allowable under the code are to be treated in a manner consistent with the manner provided by section 981 for the income to which such deductions relate.

Paragraph (2) defines the term "open year" as used in section 981. Under this paragraph a taxable year of the U.S. citizen and his spouse is to be treated as "open" if the period for assessing a deficiency against such citizen has not expired before the date of the making of the election allowed by subsection (a) or (c), whichever applies. Thus, if a taxable year of a nonresident alien spouse who has joined in an election either ends or begins within the open taxable year of his