made by this section shall apply to taxable years beginning after December 31, 1966.

SEC. 203. BASIS OF PROPERTY RECEIVED ON LIQUIDATION OF SUBSIDIARY.

(a) DEFINITION OF PURCHASE.—Section 334(b)(3) (relating to definition of purchase) is amended by adding at the end thereof the following new sentence:

"Notwithstanding subparagraph (C) of this paragraph, for purposes of paragraph (2)(B), the term 'purchase' also means an acquisition of stock from a corporation when ownership of such stock would be attributed under section 318(a) to the person acquiring such stock, if the stock of such corporation by reason of which such ownership would be attributed was acquired by purchase (within the meaning of the preceding sentence)."

(b) PERIOD OF ACQUISITION.—Section 334(b)(2)(B) (relating to exception) is amended by striking out "during a period of not more than 12 months," and inserting in lieu thereof "during a 12-month period beginning with the earlier of—

"(i) the date of the first acquisition by purchase of such stock, or

"(ii) if any of such stock was acquired in