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Section 109. TAX ON GIFTS OF NONRESIDENTS NOT CITIZENS. (Pp. 181–183.)

Pp. 181–183 Clerical changes.

Section 110. TREATY OBLIGATIONS. (P. 183.)

P. 183 Clerical change.

TITLE II—OTHER AMENDMENTS TO INTERNAL REVENUE CODE

Section 201. APPLICATION OF INVESTMENT CREDIT TO PROPERTY USED IN POSSESSIONS OF THE UNITED STATES.

Pp. 184–185 The investment credit is extended by this amendment to property located in U.S. possessions provided: (1) the property is owned by a U.S. company or citizen that is subject to U.S. tax on its income from possessions; (2) the property would otherwise have qualified for the investment credit; and (3) it is not owned or used by U.S. persons who are presently exempt from U.S. tax. This amendment is effective with respect to property placed in service after December 31, 1965.

Section 202. DEDUCTION OF MEDICAL EXPENSES OF INDIVIDUALS AGE 65 OR OVER.

Pp. 185–187 This amendment repeals the provisions with respect to a taxpayer, or his spouse, age 65 or over, and a dependent mother or father of a taxpayer or his spouse if the mother or father is age 65 or over, which, beginning in 1967, would limit their medical deductions to medical care expenses in excess of 3 percent of adjusted gross income and define their medical care expenses to include only those medicine and drug expenses in excess of 1 percent of adjusted gross income.

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

Pp. 187–189 Under present law, the purchase from an unrelated party by one corporation of at least 80 percent of the stock of another corporation followed by the liquidation of the acquired corporation within 2 years is treated as a purchase of the assets of the acquired corporation. These amendments expand the definition of "purchase" to include the purchase of stock from a 50-percent owned subsidiary if stock in the 50-percent owned subsidiary was also acquired by purchase.