

Page No.
of Senate
amendments

repeals the provision which limits the deduction to 50 percent of the contribution. However, it has retained the provision restricting the contribution for self-employed persons to the lesser of 10 percent of earned income or \$2,500. Second, it also permits a self-employed individual to include in earned income all of his net profits when his income is earned from a business in which both the performance of personal services and capital are material income-producing factors. However, in such cases the personal services of the self-employed person involved must be material income-producing factors.

The provisions of this amendment are to be effective for taxable years beginning after December 31, 1967.

Section 207. TREATMENT OF CERTAIN INCOME AS
AUTHORS, INVENTORS, ETC., AS EARNED IN-
COME FOR RETIREMENT PLAN PURPOSES.

P. 192 This amendment alters present law relating to self-employed individuals' retirement plans to permit authors, inventors, and others, to include gains (other than capital gains) and net earnings derived from the sale or other disposition of, the transfer of any interest in, or the licensing of the use of property (other than goodwill) where his own efforts created the property in their earned income base for the purpose of computing deductions for contributions to such plans. This change will be effective for taxable years ending after the date of enactment of this act.

Section 208. EXCLUSION OF CERTAIN RENTS FROM
PERSONAL HOLDING COMPANY INCOME.

Pp. 193-195 This amendment provides, for taxable years beginning after the date of enactment of this act (and certain earlier years at the election of the taxpayer), that rent received from the lease of tangible personal property manufactured by a taxpayer is not to be treated as personal holding company income if the taxpayer during the year is engaged in manufacturing the same type of income.

Section 209. PERCENTAGE DEPLETION RATE FOR
CERTAIN CLAY BEARING ALUMINA.

Pp. 195-196 This amendment provides, with respect to taxable years beginning after the date of enactment, a percentage depletion rate of 23 percent for alumina and aluminum compounds extracted from domestic deposits of clay, laterite, and nephelite syenite. It further provides that in computing gross income from mining all processes applied to derive alumina or aluminum compounds from such clay, laterite, and nephelite syenite are to be treated as mining processes.