

amendment is to apply to taxable years beginning after the date of enactment of the bill.

STRADDLES

The Senate amendment (in proposed sec. 212) amends section 1234 to provide that the gain from the lapse of an option granted by the taxpayer as part of a straddle is to be treated as a short-term capital gain. This provision does not apply to any person who holds securities for sale to customers in the ordinary course of his trade or business. The amendment is applicable to straddle transactions entered into after January 25, 1965.

Under the conference action this provision is retained.

TAX TREATMENT OF PER UNIT RETAIN ALLOCATIONS

The Senate amendment (in proposed sec. 213) amends the present law relating to the taxation of cooperatives and their patrons to provide tax treatment with respect to per unit retain certificates which parallels, in general, the tax treatment applicable with respect to patronage dividends. The amendment applies generally to taxable years beginning after April 30, 1966.

Under the conference action, this provision is retained.

EXCISE TAX RATE ON AMBULANCES AND HEARSES

The Senate amendment (in proposed sec. 214) provides that the sale of a hearse, as well as an ambulance or combination ambulance-hearse vehicle, is to be considered to be the sale of an automobile chassis and an automobile body (rather than a truck chassis and body) for purposes of determining the manufacturers' excise tax on motor vehicles. This amendment applies with respect to articles sold after the date of the enactment of the bill.

APPLICABILITY OF EXCLUSION FROM INTEREST EQUALIZATION TAX OF CERTAIN LOANS TO ASSURE RAW MATERIAL SOURCES

Section 4914(d) of the code excludes from interest equalization tax certain loans to assure raw material sources. However, the exemption may be lost if the obligation is subsequently transferred. The Senate amendment would impose the tax only on a person who acquires the obligation with an intent to sell it to other U.S. persons. This amendment is effective with respect to acquisitions of debt obligations after the date of enactment.

Under the conference action this provision is retained.

EXCLUSION FROM INTEREST EQUALIZATION TAX FOR CERTAIN ACQUISITIONS BY INSURANCE COMPANIES

Section 4914(e) of the code permits life insurance companies to establish reserve funds of assets under specified circumstances. The Senate amendment extends this privilege to permit a life insurance company to establish a reserve fund of assets where such a company commences activities in a developed country or where a less developed country is designated as a developed country. This amendment is to take effect on the day after the date of enactment.

Under the conference action this provision is retained.