

computing deductions for contributions to such plans. This change will be effective for taxable years ending after the date of enactment of the act.

Third. Exclusion of certain rents from personal holding company income: This amendment provides, for taxable years beginning after the date of enactment of the 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.

Fourth. Straddles: This amendment provides that, with respect to straddle transactions entered into after January 25, 1965, the income from the lapse of an option which originated as part of a straddle is to be treated as a short-term capital gain—instead of ordinary income. This permits it to be netted against any capital loss which may result from the exercise of the other option in the straddle while retaining what in most respects is ordinary income treatment for any excess of net short-term capital gain over net long-term capital loss.

Fifth. The taxation of per-unit retain allocations of cooperatives: This amendment clarifies present law dealing with the taxation of cooperatives and patrons to assure that a current single tax is paid, at either the cooperative or patron level, with respect to per-unit retain certificates. In so doing, the amendment makes the treatment of these certificates generally comparable to the treatment of patronage dividends under present law.

Sixth. The excise tax on hearses: This amendment provides that the sale of an ambulance, hearse, or combination ambulance-hearse vehicle is to be considered to be the sale of an automobile chassis or automobile body—rather than a truck [P. 45729]

chassis or body—for purposes of determining the manufacturers excise tax on motor vehicles. This change applies with respect to articles sold after the date of enactment of the act.

Seventh. Interest equalization tax—raw material source loans: Subsequent transfers of debt obligations to assure raw material sources are to be exempt from the interest equalization tax where the indebtedness is acquired without an intent on the part of the purchaser to sell it to other U.S. persons. This change is to be effective with respect to acquisitions of debt obligations made after the date of enactment.

Eighth. Interest equalization tax—certain acquisitions by insurance companies in developed countries: The present exemption for reverse asset pools of U.S. insurance companies is extended to allow the establishment of reserve asset pools where a U.S. insurance 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.

Ninth. Interest equalization tax—Euro-dollars: The President is given the authority to exempt from the interest equalization tax U.S. dollar loans of more than 1 year made by the foreign branches of U.S. banks. This change is to apply to acquisitions of debt obligations made after the date of enactment.

Tenth. Treasury bonds or certificates payable in foreign currency: This amendment expands the debt management authority of the Secretary of the Treasury to permit the issuance of U.S. notes payable in foreign currencies. This authority already exists in the case of bonds and certificates of indebtedness.

Eleventh. Reports on Federal contingent liabilities and assets: This amendment—as modified in conference—requires the Secretary of the Treasury to submit a report to the Congress each year indicating the full contingent liabilities of the Federal Government and the assets of the Federal Government which might be made available to liquidate such liabilities. The report is to be made on the first day of each regular session of the Congress with respect to the close of the preceding June 30—beginning with June 30, 1967.