

drawal or modification is necessary to preserve the effectiveness of the interest equalization tax.

This amendment is to be effective with respect to acquisitions of debt obligations after November 13, 1966.

C. PRESIDENTIAL ELECTION CAMPAIGN FUND ACT

Under prior law no provision was made for taxpayers to set aside any portion of their tax payments as a contribution to a political party. Nor was there any provision for an income tax deduction for political campaign contributions. The act under certain conditions, described below, provides taxpayers the opportunity to have limited amounts of their income tax payments set aside for the use by the political parties in presidential campaigns.

1. Designation of income tax payments to presidential election campaign fund (sec. 302 of the act and sec. 6096 of the code)

Space is to be provided on the income tax return forms to permit each individual taxpayer (other than a nonresident alien or an estate or trust) to designate, if he so desires, that \$1 of his income tax payment be appropriated from general revenues and paid into the presidential election campaign fund. All taxpayers who show an income tax liability of at least \$1 for the year are to be permitted to make a designation. On joint returns, both husband and wife are to be permitted to make a designation provided the tax liability shown on the return is at least \$2. The designation is to be made at the time of filing the return or at such later time as may be provided in regulations (such as at the time of making a claim for refund of an overpayment of tax). The designation is to be permitted with respect to income tax liability for each taxable year beginning after December 31, 1966.

2. The presidential election campaign fund and payments therefrom (sec. 303 of the act)

Amounts are only to be paid out of the presidential election campaign fund to reimburse certain political parties for expenses incurred in presenting candidates for President and Vice President in presidential elections.

Only those political parties whose candidates for President received at least 5,000,000 votes in the preceding presidential election will be eligible to receive payments from the fund.

A political party whose candidate received more than 5,000,000 votes in the preceding presidential election but less than 10 million votes will be authorized to receive from the fund an amount equal to the lesser of its actual campaign expenses or an amount equal to \$1 times the number of votes in excess of 5,000,000 that its candidate received in the last presidential election.

A political party whose candidate for President received 15 million votes or more in the preceding presidential election is to be reimbursed on a different basis. An amount equal to \$1 for each vote in excess of 5,000,000 received by each major party in the last election is to be divided equally between (or among) them, with the limitation that payments to any one party cannot exceed the expenses incurred by the party in the current campaign.