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## TITLE 7—AGRICULTURE

### Chapter VII—Production and Marketing Administration (Agricultural Adjustment), Department of Agriculture

PART 722—COTTON

PROCLAMATION RELATING TO NATIONAL MARKETING QUOTA AND NATIONAL ACREAGE ALLOTMENT FOR THE 1953 CROP OF UPLAND COTTON

Sec.

722.401 Basis and purpose.

722.402 Findings and determinations with respect to a national marketing quota for the 1953 crop of upland cotton.

722.403 National acreage allotment for the 1953 crop of upland cotton.

AUTHORITY: §§ 722.401 to 722.403 issued under sec. 375, 52 Stat. 66, as amended; 7 U. S. C. 1375. Interpret or apply secs. 301, 342, 344, 347, 52 Stat. 38, as amended; 7 U. S. C. 1301, 1342, 1344, 1347.

§ 722.401 *Basis and purpose.* (a) This proclamation is issued to announce findings made by the Secretary of Agriculture with respect to the total supply and the normal supply of upland cotton for the marketing year beginning August 1, 1952, and to proclaim whether, upon the basis of such findings, a national marketing quota and a national acreage allotment for the 1953 crop of upland cotton are required under the provisions of the Agricultural Adjustment Act of 1938, as amended. Section 342 of the said act provides, in part, that, whenever during any calendar year the Secretary determines that the total supply of upland cotton for the marketing year beginning in such calendar year will exceed the normal supply for such marketing year, the Secretary shall proclaim such fact and a national marketing quota shall be in effect for the crop of upland cotton produced in the next calendar year. Whenever a national marketing quota is proclaimed, the Secretary is required by section 344 (a) of the said act to determine and proclaim a national acreage allotment for the crop of upland cotton to be produced in the next calendar year. The act further provides that the proclamation with respect to a national marketing quota shall be made not later than October 15 of the calendar year in which the determinations relating thereto are made.

(b) The term "cotton' and the data appearing in § 722.402 do not include extra long staple cotton covered by section 347 (a) of the said act or similar types of such cotton which are imported.

(c) The terms "total supply," "carry-over," and "normal supply," as they relate to all cotton, are defined in section 301 of the said act as follows:

"Total supply" of cotton for any marketing year shall be the carry-over at the beginning of such marketing year, plus the estimated production of cotton in the United States during the calendar year in which such marketing year begins and the estimated imports of cotton into the United States during such marketing year.

"Carry-over" of cotton for any marketing year shall be the quantity of cotton on hand in the United States at the beginning of such marketing year, not including any part of the crop which was produced in the United States during the calendar year then current.

"Normal supply" of cotton for the marketing year shall be the estimated domestic consumption of cotton for any marketing year for which such normal supply is being determined, plus the estimated exports of cotton for such marketing year, plus 30 per centum of the sum of such consumption and exports as an allowance for carry-over.

(d) The findings and determinations made by the Secretary are contained in § 722.402 and have been made on the basis of the latest available statistics of the Federal Government. Prior to making such findings and determinations, notice was published in the FEDERAL REGISTER (17 F. R. 8159) that the Secretary was preparing to examine the supply situation to determine if quotas were required under the act and that any interested person might express his views in writing with respect thereto, postmarked not later than 20 days from the date of publication of the notice, which was September 10, 1952. All written expressions submitted pursuant to such notice have been duly considered in connection with making the findings and determinations.

§ 722.402 *Findings and determinations with respect to a national marketing quota for the 1953 crop of upland cotton*—(a) *Total supply.* The total

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FEDERAL REGISTER

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## CODIFICATION GUIDE

A numerical list of the parts of the Code of Federal Regulations affected by documents published in this issue. Proposed rules, as opposed to final actions, are identified as such.



supply of upland cotton for the marketing year beginning August 1, 1952 (in terms of running bales or the equivalent), is 16,451,000 bales, consisting of (1) a carry-over on August 1, 1952, of 2,682,000 bales, (2) estimated production from the 1952 crop of 13,684,000 bales, and (3) estimated imports into the United States during the marketing year beginning August 1, 1952, of 85,000 bales.

(b) *Normal supply.* The normal supply of upland cotton for the marketing year beginning August 1, 1952 (in terms of running bales or the equivalent), is 18,083,000 bales, consisting of (1) estimated domestic consumption for the marketing year beginning August 1, 1952, of 9,410,000 bales, (2) estimated exports during the marketing year beginning August 1, 1952, of 4,500,000 bales, and (3) 30 percent of the sum of subparagraphs (1) and (2) of this paragraph as an allowance for carry-over, or 4,173,000 bales.

(c) *National marketing quota.* It is hereby determined and proclaimed that the total supply of upland cotton for the marketing year beginning August 1, 1952, will not exceed the normal supply for such marketing year. Therefore, a national marketing quota shall not be in effect for the crop of upland cotton produced in the calendar year 1953.

§ 722.403 *National acreage allotment for the 1953 crop of upland cotton.* It is hereby determined and proclaimed that a national acreage allotment shall not be in effect for the crop of upland cotton produced in the calendar year 1953.

Done at Washington, D. C., this 6th day of October 1952. Witness my hand

and the seal of the Department of Agriculture.

[SEAL] CHARLES F. BRANNAN,
*Secretary of Agriculture.*

[F. R. Doc. 52-10959; Filed, Oct. 7, 1952; 12:20 p. m.]

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## PART 722—COTTON

### PROCLAMATION RELATING TO NATIONAL MARKETING QUOTA AND NATIONAL ACREAGE ALLOTMENT FOR 1953 CROP OF EXTRA LONG STAPLE COTTON

Sec.
722.1001 Basis and purpose.
722.1002 Findings and determinations with respect to a national marketing quota for the 1953 crop of extra long staple cotton.
722.1003 National acreage allotment for the 1953 crop of extra long staple cotton.

AUTHORITY: §§ 722.1001 to 722.1003 issued under sec. 375, 52 Stat. 66, as amended; 7 U. S. C. 1375. Interpret or apply secs. 301, 347, 371, 52 Stat. 38, as amended, 66 Stat. 760; 7 U. S. C. 1301, 1347, 1371.

§ 722.1001 *Basis and purpose.* (a) The regulations contained in §§ 722.1001 to 722.1003 are issued to announce that no national marketing quota shall be in effect for the 1953 crop of extra long staple cotton and that no national acreage allotment for such crop will be established under the provisions of Title III of the Agricultural Adjustment Act of 1938, as amended. The term "extra long staple cotton" as used herein means the kinds of cotton described in section 347 (a) of the Agricultural Adjustment Act of 1938, as amended.

(b) Section 347 (b) of the Agricultural Adjustment Act of 1938, as amended, provides that whenever during any calendar year, not later than October 15, the Secretary of Agriculture determines that the total supply of extra long staple cotton for the marketing year beginning in such calendar year will exceed the normal supply thereof for such marketing year by more than 8 per centum, the Secretary shall proclaim such fact and a national marketing quota shall be in effect for the crop of such cotton produced in the next calendar year. Whenever a national marketing quota is proclaimed under the cotton marketing quota provisions of the act, the Secretary is also required by the act to determine and proclaim a national acreage allotment for the crop to be produced in the next calendar year.

(c) Section 371 (b) of the act authorizes the Secretary of Agriculture to dispense with marketing quotas for any agricultural commodity to which the provisions of Title III of the act are applicable if he finds after appropriate investigation that such action is necessary to meet a national emergency or an increase in export demand for the commodity.

(d) Pursuant to section 371 (b) of the act, an investigation has been made to determine whether marketing quotas should be proclaimed for the 1953 crop of extra long staple cotton. On the basis of that investigation, it is hereby found and determined that it is necessary, in order to meet the present national emergency, that marketing quotas should not be proclaimed for the 1953 crop of extra long staple cotton. Accordingly, § 722.1002 states that no marketing quotas will be in effect for the 1953 crop of extra long staple cotton, and § 722.1003 states that no national acreage allotment will be in effect for the 1953 crop of such cotton.

(e) Prior to taking the action herein, public notice was given (17 F. R. 8160) in accordance with the Administrative Procedure Act (5 U. S. C. 1003) that the Secretary was preparing to determine whether marketing quotas are required for the 1953 crop of extra long staple cotton. The notice also stated that the Secretary had under consideration the matter of dispensing with marketing quotas under the applicable provisions of the act. All written submissions which were received within the period stated in the notice have been considered within the limits permitted by the Agricultural Adjustment Act of 1938, as amended.

§ 722.1002 *National marketing quota for the 1953 crop of extra long staple cotton.* The total supply of extra long staple cotton described in section 347 (a) of the Agricultural Adjustment Act of 1938, as amended, for the marketing year beginning August 1, 1952, exceeds the normal supply of such cotton for such marketing year by more than 8 per centum. However, pursuant to section 371 (b) of the act, it has been determined that no national marketing quota shall be in effect for the crop of such cotton produced in 1953.

§ 722.1003 *National acreage allotment for the 1953 crop of extra long staple cotton.* A national acreage allotment shall not be in effect for the crop of extra long staple cotton produced in 1953.

Done at Washington, D. C., this 6th day of October 1952. Witness my hand and the seal of the Department of Agriculture.

[SEAL] CHARLES F. BRANNAN,
*Secretary of Agriculture.*

[F. R. Doc. 52-10958; Filed, Oct. 7, 1952; 12:20 p. m.]

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# TITLE 26—INTERNAL REVENUE

## Chapter I—Bureau of Internal Revenue, Department of the Treasury

### Subchapter A—Income and Excess Profits Taxes

[T. D. 5935; Regs. 111]

## PART 29—INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1941

### DEDUCTION OF STATE GASOLINE TAXES

On July 10, 1952, there was published in the FEDERAL REGISTER (17 F. R. 6200) a notice of proposed rule making to conform Regulations 111 (26 CFR Part 29) to the act of May 12, 1951, Public Law 29, 82d Congress, allowing the consumer of gasoline to deduct, for income tax purposes, State taxes on gasoline imposed on the wholesaler and passed on to the consumer. No objection to the rules proposed having been received, the amendments set forth below are hereby adopted.

PARAGRAPH 1. There is inserted immediately preceding § 29.23 (c)-1 the following:

PUBLIC LAW 29, 82D CONGRESS, APPROVED MAY 12, 1951

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 23 (c) (3) of the Internal Revenue Code (relating to deduction of retail sales taxes) is hereby amended to read as follows:

(3) *Gasoline and retail sales taxes.* In the case of a tax imposed by any State, Territory, District, or possession of the United States, or any political subdivision thereof, upon persons engaged in selling tangible personal property at retail, or upon persons selling gasoline or other motor vehicle fuels either at wholesale or retail, which is measured by the gross sales price or the gross receipts from the sale or which is a stated sum per unit of such property sold, or upon persons engaged in furnishing services at retail, which is measured by the gross receipts for furnishing such services, if the amount of such tax is separately stated, then to the extent that the amount so stated is paid by the consumer (otherwise than in connection with the consumer's trade or business) to his vendor such amount shall be allowed as a deduction in computing the net income of such consumer as if such amount constituted a tax imposed upon and paid by such consumer.

SEC. 2. The amendment made by this act shall apply to taxable years beginning after December 31, 1950.

PAR. 2. Section 29.23 (c)-1, as amended by Treasury Decision 5458, approved June 15, 1945, is further amended as follows:

(A) By revising the heading and subparagraph (1) of paragraph (b) thereof to read as follows:

(b) *State and local sales and gasoline taxes.* (1) Amounts representing sales or gasoline taxes paid by a consumer of services or tangible personal property are deductible by such consumer as taxes, provided they are not paid in connection with his trade or business. The fact that, under the law imposing it, the incidence of the sales or gasoline tax does not fall on the consumer is immaterial. The requirement of section 23 (c) (3) that the amount of the tax must be separately stated will be deemed complied with where it clearly appears that, at the time of sale to the consumer, the tax was added to the sales price and collected or charged as a separate item. It is not necessary, for the purposes of this section, that the consumer be furnished with a sales slip, bill, invoice, or other statement on which the tax is separately stated. Where the law imposing the sales or gasoline tax for which the taxpayer seeks a deduction contains a prohibition against the seller absorbing the tax, or a provision requiring a posted notice stating that the tax will be added to the quoted price, or a requirement that the tax be separately shown in advertisements or separately stated on all bills and invoices, it is presumed that the amount of the sales or gasoline tax was separately stated at the time paid by the consumer; except that such presumption shall have no application to a gasoline tax imposed upon a whole-

saler unless such provisions of law apply with respect to both the sale at wholesale and the sale at retail.

(B) By adding at the end of paragraph (b) thereof the following new subparagraphs (3) and (4).

(3) For taxable years beginning after December 31, 1950, the term "gasoline tax" means, for purpose of this section, a tax imposed by such authorities upon persons selling gasoline or other motor vehicle fuels either at wholesale or retail, which is measured by the gross sales price or the gross receipts from the sale, or which is a stated sum per unit of the gasoline or fuel sold; but such term does not exclude from the definition of "sales tax", for taxable years beginning before January 1, 1951, a tax imposed by such authorities upon persons selling such products at retail.

(4) In general, the term "consumer" means the ultimate user or purchaser; it does not include a purchaser who acquires the property for resale, such as a retailer.

PAR. 3. The amendments hereby prescribed shall be applicable with respect to taxable years beginning after December 31, 1950.

(53 Stat. 32, 467; 26 U. S. C. 62, 3791)

[SEAL] JOHN B. DUNLAP,
*Commissioner of Internal Revenue.*

Approved: October 3, 1952.

THOMAS J. LYNCH,
*Acting Secretary of the Treasury.*

[F. R. Doc. 52-10949; Filed, Oct. 8, 1952; 8:49 a. m.]

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[T. D. 5937; Regs. 111]

## PART 29—INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1941

### INAPPLICABILITY OF CERTAIN PENALTIES AND ADDITIONS TO TAX

In order to conform Regulations 111 (26 CFR Part 29) to Public Law 907 (81st Cong., 2d Sess.), approved January 2, 1951, and to section 103 of the Revenue Act of 1951, approved October 20, 1951, such regulations are hereby amended as follows:

PARAGRAPH 1. There is inserted immediately preceding § 29.145–1 the following:

PUBLIC LAW 907 81ST CONGRESS, 2D SESSION, APPROVED JANUARY 2, 1951

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 145 of the Internal Revenue Code (relating to penalties with respect to failure to file returns, pay tax, etc.), is amended by relettering subsection (e) as subsection (f) and by adding after subsection (d) a new subsection (e) as follows:

(e) In the case of taxable years beginning prior to October 1, 1950, and ending after September 30, 1950, the penalties perscribed by this section shall not be applicable if the taxpayer failed to meet the requirements of section 294 (d) (2) (relating to substantial underestimate of estimated tax), by reason of the increase in normal tax and surtax on individuals imposed by section 101 of the Revenue Act of 1950.

* * * * *

SEC. 103. INAPPLICABILITY OF CERTAIN PENALTIES AND ADDITIONS TO TAX (REVENUE ACT OF 1951, APPROVED OCTOBER 20, 1951).

(a) *Penalties for failure to file return.* Section 145 (relating to penalties with respect to failure to file returns, pay tax, etc.) is hereby amended by relettering subsection (f) as subsection (g) and by adding after subsection (e) a new subsection (f) as follows:

(f) In the case of taxable years beginning prior to November 1, 1951, and ending after October 31, 1951, the penalties prescribed by this section for willful failure to make declarations of, or pay, estimated tax shall not be applicable to a failure to take into account the increase in rates of tax imposed on individuals by the Revenue Act of 1951.

* * * * *

PAR. 2. There is inserted immediately preceding § 29.294–1 the following:

PUBLIC LAW 907 (81ST CONGRESS, 2D SESSION, APPROVED JANUARY 2, 1951)

* * * * *

SEC. 2. Paragraph (2) of subsection (d) of section 294 of the Internal Revenue Code is amended by adding at the end of paragraph (2) a new sentence reading as follows: "In the case of taxable years beginning prior to October 1, 1950, and ending after September 30, 1950, the additions to tax prescribed by this subsection shall not be applicable if the taxpayer failed to meet the 80 per centum and 66⅔ per centum requirements of this paragraph by reason of the increase in normal tax and surtax on individuals imposed by section 101 of the Revenue Act of 1950."

SEC. 103. INAPPLICABILITY OF CERTAIN PENALTIES AND ADDITIONS TO TAX (REVENUE ACT OF 1951, APPROVED OCTOBER 20, 1951).

* * * * *

(b) *Additions to tax.* Section 294 (d) (2) (relating to additions to tax for substantial under-estimates of estimated tax) is hereby amended by adding at the end thereof a new sentence as follows: "In the case of taxable years beginning prior to November 1, 1951, and ending after October 31, 1951, the additions to tax prescribed by this subsection shall not be applicable if the taxpayer failed to meet the requirements of this paragraph by reason of the increase in rates of tax on individuals imposed by the Revenue Act of 1951."

PAR. 3. Section 29.294–1, as amended by Treasury Decision 5855, approved September 13, 1951, is further amended by adding at the end of paragraph (b) the following new undesignated paragraph:

In the case of taxable years beginning before October 1, 1950, and ending after September 30, 1950, or beginning before November 1, 1951, and ending after October 31, 1951, the provisions of this section are subject to the limitations applicable to such years provided in the amendments made to section 294 (d) (2) by Public Law 907 (81st Cong.) and section 103 (b) of the Revenue Act of 1951.

Because of the technical nature of the amendments made by this Treasury decision, it is found that it is unnecessary to issue this Treasury decision with notice and public procedure thereon under section 4 (a) of the Administrative Procedure Act, approved June 11, 1946, or subject to the effective date limitation of section 4 (c) of said act.

(53 Stat. 32, 467; 26 U. S. C. 62, 3791)

[SEAL] JOHN B. DUNLAP,
*Commissioner of Internal Revenue.*

Approved: October 6, 1952.

THOMAS J. LYNCH,
*Acting Secretary of the Treasury.*

[F. R. Doc. 52-10952; Filed, Oct. 8, 1952; 8:50 a. m.]

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### Subchapter B—Estate and Gift Taxes

[T. D. 5936; Regs. 105]

## PART 81—REGULATIONS RELATING TO ESTATE TAX

### ESTATE TAX UNDER CHAPTER 3 OF THE INTERNAL REVENUE CODE, AS AMENDED

In order to conform Regulations 105 (26 CFR Part 81) to sections 608, 609, and 610 of the Revenue Act of 1951 (82d Cong., 1st Sess.), approved October 20, 1951, such regulations are amended as follows:

PARAGRAPH 1. There is inserted immediately after section 501 of the Revenue Act of 1950 (81st Cong., 2d Sess.) and preceding section 302 (c) of the Revenue Act of 1926 (as originally enacted), which precedes § 81.15, the following:

SEC. 608. TRANSFERS WITH INCOME RESERVED (REVENUE ACT OF 1951, APPROVED OCTOBER 20, 1951).

Section 7 (b) of the act entitled "An Act to amend certain provisions of the Internal Revenue Code", approved October 25, 1949 (63 Stat. 895), is hereby amended by striking out "January 1, 1950" and inserting in lieu thereof "January 1, 1951".

SEC. 609. TRANSFERS TAKING EFFECT AT DEATH (REVENUE ACT OF 1951, APPROVED OCTOBER 20, 1951).

Effective with respect to estates of decedents dying after February 10, 1939, section 7 (b) of the act entitled "An Act to amend certain provisions of the Internal Revenue Code", approved October 25, 1949 (63 Stat. 895), is hereby amended by striking out the word "sentence" and inserting in lieu thereof "two sentences" and by inserting immediately preceding the last sentence thereof the following sentence: "The provisions of section 811 (c) (1) (C) of such code shall not apply to a transfer made prior to September 8, 1916." The provisions of section 7 (c) of such act, as amended, shall not apply to an overpayment resulting from the application of this section.

PAR. 2. Section 81.17, as amended by Treasury Decision 5906, approved May 27, 1952, is further amended as follows:

(A) By inserting in the first sentence of paragraph (a) after "of which he has made a transfer" the following "after September 7, 1916".

(B) By adding at the end of paragraph (a) the following: "The provisions of section 811 (c) (1) (C) are not applicable to a transfer made before September 8, 1916."

(C) By striking from the first sentence of paragraph (c) "(whether made before or after the enactment of the Revenue Act of 1916)".

PAR. 3. Section 81.18, as amended by Treasury Decision 5834, approved March

8, 1951, is further amended by striking out "January 1, 1950", wherever it appears therein, and inserting in lieu thereof, "January 1, 1951".

PAR. 4. Section 81.19, as amended by Treasury Decision 5834 is further amended by striking therefrom "January 1, 1950", wherever it appears therein, and inserting in lieu thereof "January 1, 1951".

PAR. 5. There is inserted immediately preceding § 81.25 the following:

SEC. 610. REVERSIONARY INTERESTS IN CASE OF LIFE INSURANCE (REVENUE ACT OF 1951, APPROVED OCTOBER 20, 1951).

If refund or credit of any overpayment resulting from the application of section 503 of the Revenue Act of 1950 was prevented on October 25, 1950, by the operation of any law or rule of law (other than section 3760 of the Internal Revenue Code, relating to closing agreements, and other than section 3761 of such code, relating to compromises), refund or credit of such overpayment may, nevertheless, be made or allowed if claim therefor was filed after October 25, 1949, and on or before October 25, 1950.

Because of the technical nature of the amendments made herein, it is found unnecessary to issue this Treasury decision with notice and public procedure thereon under section 4 (a) of the Administrative Procedure Act, approved June 11, 1946, or subject to the effective date limitation of section 4 (c) of said act.

(53 Stat. 467; 26 U. S. C. 3791)

[SEAL] JOHN B. DUNLAP,
*Commissioner of Internal Revenue.*

Approved: October 6, 1952.

THOMAS J. LYNCH,
*Acting Secretary of the Treasury.*

[F. R. Doc. 52-10950; Filed, Oct. 8, 1952; 8:50 a. m.]

## Chapter II—The Tax Court of the United States

### PART 701—RULES OF PRACTICE

### PART 702—FORMS

### MISCELLANEOUS AMENDMENTS

1. a. Section 701.48 is amended by striking subparagraph (3) of paragraph (c).

b. Paragraph (d) is amended to read as follows:

(d) Unless otherwise directed by the Court, the parties shall have 45 days from the date of the filing of the Commissioner's proposed findings of fact within which to file briefs, and 15 days additional within which to file reply briefs. Each brief shall be prepared in the manner and form prescribed in § 701.35, except that instead of following paragraph (e) (3) of that section, the parties shall state whatever exceptions they may have to the findings of the Commissioner so that they may be considered by the Division to which the case is assigned.

2. Section 701.64 is amended to read as follows:

§ 701.64 *Renegotiation of contracts cases.* (a) Except as otherwise prescribed by this section, proceedings for the redetermination of excessive profits under the Renegotiation Acts[1] shall be governed by the existing regulations in this part. Where any of the existing sections (except § 701.48) or the matter contained in the appendix refer to the Commissioner, such regulations and the matter in the appendix, when applied to a proceeding for the redetermination of excessive profits under the Renegotiation Acts, shall refer to the War Contracts Price Adjustment Board (or to the United States when substituted therefor),[2] to the Secretary as defined and used in the Renegotiation Acts, or to the Renegotiation Board. Similarly references to the taxpayer shall refer to the contractor or subcontractor; references to tax shall refer to profits under a contract or subcontract subject to renegotiation, or to excessive profits thereunder, dependent upon context; and references to the determination of a deficiency, or a notice of such determination, shall refer to the order of the Board or the Secretary determining the amount of excessive profits.

(b) (1) A proceeding for the redetermination of excessive profits under the Renegotiation Acts shall be initiated by the filing of a petition, as provided in §§ 701.4, 701.6, and the pertinent parts of § 701.7. (See § 702.2 of this chapter.)

(2) The authority making the determination of excessive profits, i. e., the appropriate Secretary, the War Contracts Price Adjustment Board (or the United States when substituted therefor)[2] or the Renegotiation Board, shall be shown as the respondent.

(3) The petition shall be complete in itself so as fully to state the issues. It shall contain:

(i) A caption in the following form:

THE TAX COURT OF THE UNITED STATES

| | |
|---|---|
| ----------, Petitioner, v. ----------, Respondent. | Docket No. ------- |

PETITION

(ii) Proper allegations showing jurisdiction in the Court.

(iii) A statement of the amount of excessive profits determined by the Board or the Secretary, as the case may be, the period for which determined and the amount thereof in controversy. If the determination of excessive profits was made on the basis of a specific contract or contracts, the petition shall identify the contract or contracts and shall state the period covered thereby.

(iv) Clear and concise assignments of each and every error which the petitioner alleges to have been committed by the Board or the Secretary in the determination of excessive profits. Each assignment of error shall be numbered.

(v) Clear and concise numbered statements of the facts upon which the petitioner relies as sustaining the assignments of error. The allegations of fact shall contain a statement of the amount received or accrued during the period in question under the contracts or subcontracts subject to renegotiation, the costs paid or incurred with respect thereto and the profits derived therefrom, the type and character of business done, and any other facts pertinent to a determination of the error alleged.

(vi) A prayer, setting forth relief sought by the petitioner.

(vii) The signature of the petitioner or that of his counsel. (See § 701.4.)

(viii) A verification by the petitioner in accordance with the applicable provision of §701.7 (c) (4) (viii).

(ix) A copy of the notice and a copy of the order determining the amount of excessive profits, which form the basis for the initiation of the proceeding shall be appended to the petition. If a statement has been furnished to the petitioner by the renegotiating authority setting forth the facts upon which the determination of excessive profits was based and the reasons for such determination, a copy of such statement shall also be appended to the petition.

(c) Any claim for the redetermination of an amount of excessive profits greater than the amount shown in the notice of determination shall be made by the respondent in his answer filed under § 701.14, or in an amendment thereto filed under § 701.17 at or before the time of the hearing.

(d) With respect to the matter covered by § 701.60, attention is directed to section 403 (e) (1) of the Renegotiation Act and to section 108 of the Renegotiation Act of 1951.

3. Section 701.65 is added:

§ 701.65 *Bond to stay execution of order of Renegotiation Board*—(a) *Statute.* The Renegotiation Act of 1951 provides that execution of the order of the Renegotiation Board may be stayed by filing with the Tax Court a bond, approved as to form and in an amount fixed by the Court, within ten days after the filing of the petition. See sections 105 (a) and 108 of the Renegotiation Act of 1951. For forms of bonds see appendix, §§ 702.8a and 702.8b of this chapter.

(b) *Fixing amount of bond.* An application to fix the amount of a bond filed with the petition will be considered prima facie evidence of the proper amount of the bond if it asks that a bond be fixed:

(1) At 112 percent of the full amount of the excessive profits determined in the unilateral order on which the petition is based, or

(2) At 112 percent of an amount equal to the full amount of the excessive profits determined in that order reduced by the credit authorized by section 3806 (b) of the Internal Revenue Code, and is accompanied by a statement from the Director of Internal Revenue[3] for the district in which the return for the tax-

[1] Section 403 of the Sixth Supplemental National Defense Appropriation Act, 1942, as amended by section 701, Revenue Act of 1943, and section 108 of the Renegotiation Act of 1951.

[2] Section 201 (h) of the Renegotiation Act of 1951, as amended by section 3, Public Law 576, 82d Congress, 2d Session, approved July 17, 1952.

[3] Internal Revenue Agent in Charge where no Director has been appointed.

able year was filed, showing the amount of the credit to which the petitioner is entitled as a result of the determination.

(3) The Court will consider other applications differing from the above, but the applicant must have in mind the short time allowed by the statute for the approval of the bond.

(c) *Sureties and collateral.* (1) The Tax Court will accept as sureties on such bonds companies holding certificates of authority from the Secretary of the Treasury (See latest U. S. Treasury Form 356).

(2) If collateral is to be deposited as security for a bond, in lieu of a surety, United States Government marketable public securities fully negotiable by the bearer, owned by the petitioner, in a sum equal at their par value to the amount of the bond to be furnished, will be acceptable. A power of attorney and agreement must accompany such securities. See §§ 702.8c and 702.8d of this chapter. For other collateral which may be furnished and documents required therewith, see 31 CFR Part 225 (Treasury Department Circular No. 154, Revised).

4. Delete § 702.8a *Power of attorney and agreement by corporate appellants* and § 702.8b *Power of attorney and agreement by individual appellants.*

5. The following new forms are adopted pursuant to the requirements of § 701.65:

§ 702.8a *Form for bond with corporate surety in renegotiation cases.* The following is a satisfactory form of bond for use in case bond with a corporate surety approved by the Treasury Department is to be furnished to stay the execution of an order of the Renegotiation Board (created by the act of March 23, 1951) involved in a petition to The Tax Court.

THE TAX COURT OF THE UNITED STATES

WASHINGTON, D. C.

| | |
|---|---|
| Petitioner, v. Respondent. | Docket No. ------- |

BOND

Know all men by these presents: That we ----------, as principal, and ---------- as surety, are held and firmly bound unto the Renegotiation Board and/or the United States of America, in the sum of $-------- (see § 701.65 (b) as to amount), to be paid to the Renegotiation Board and/or the United States of America, for the payment of which well and truly to be made we bind ourselves and each of us and our successors and assigns, jointly and severally, firmly by these presents.

Signed, sealed and dated this ------ day of ----------, 19----.

Whereas, the Renegotiation Board by its order dated ---------- determined that the above-named principal derived excessive profits from contracts and subcontracts subject to renegotiation, during the fiscal year ended ----------, in the amount of $--------; and

Whereas, said principal has filed or is about to file a petition in The Tax Court of the United States for a redetermination of the amount of the aforesaid excessive profits.

Now, therefore, the conditions of this obligation is such that if the above-named principal shall well and truly pay the amount of profits adjudged by The Tax Court of the United States to be excessive, less any tax credit applicable thereto under section 3806 of the Internal Revenue Code, with interest thereon as required by law, or if said principal, in the event that said proposed proceeding in The Tax Court of the United States is not timely filed, or after filing is dismissed or otherwise concluded without an adjudication by said Court as to the amount of excessive profits, shall well and truly pay the amount of profits determined by the Renegotiation Board to be excessive by its said order dated ---------- less any tax credit applicable thereto under section 3806 of the Internal Revenue Code, with interest thereon as required by law, then this obligation shall be void; otherwise it shall be and remain in full force and effect.

---------- [SEAL]
*Proper signature and seal of principal*

---
*Surety*

By ---
*Title*

Attest:

---
[CORPORATE SEAL] *Secretary*

§ 702.8b *Form for bond with approved collateral in renegotiation cases.* A satisfactory form of bond for use in case the petitioner in a renegotiation case filed under the act of March 23, 1951, desires to furnish approved collateral under § 701.65 (c) (2) of this chapter instead of furnishing a corporate surety bond, follows. Forms of power of attorney covering the pledged collateral for use with bonds secured by collateral, both in appeals from this Court in tax cases and in petitions to this Court in such renegotiation cases, are also shown below.

THE TAX COURT OF THE UNITED STATES

WASHINGTON, D. C.

| | |
|---|---|
| Petitioner, v. Respondent. | Docket No. ------- |

BOND

Know all men by these presents: That ---------- is (are) held and firmly bound unto the Renegotiation Board and/or the United States of America in the sum of -------- ($--------) Dollars (see § 701.65 (b) as to amount), to be paid to the Renegotiation Board and/or the United States of America, for the payment of which, well and truly to be made, the said ---------- bind(s) himself (herself, itself or themselves) and his (her, its or their) successors and assigns, firmly by these presents.

Signed, sealed and dated this ------ day of ----------, 19----.

Whereas, the Renegotiation Board by its order dated ---------- determined that the above-named ---------- derived excessive profits from contracts and subcontracts subject to renegotiation, during the fiscal year ended ---------- in the amount of $--------; and

Whereas, the above-named ---------- has (have) filed or is about to file a petition in The Tax Court of the United States for a redetermination of the amount of the aforesaid excessive profits.

Now, therefore, the condition of this obligation is such that if the above-named ---------- shall well and truly pay the amount of profits adjudged by The Tax Court of the United States to be excessive, less any tax credit applicable thereunto under Section 3806 of the Internal Revenue Code, with interest thereon as required by law, or if the above-named ---------- in the event that said proposed proceeding in The Tax Court of the United States is not timely filed or after filing is dismissed or otherwise concluded without an adjudication by said Court as to the amount of excessive profits, shall well and truly pay the amount of profits determined by the Renegotiation Board to be excessive by its said order dated ----------, less any tax credit applicable thereto under section 3806 of the Internal Revenue Code, with interest thereon as required by law, then this obligation shall be void; otherwise it shall be and remain in full force and effect.

The above-bounden obligor(s), in order the more fully to secure the Renegotiation Board and/or the United States in the payment of the aforementioned sum, hereby pledge(s) as security therefor bonds/notes of the United States in a sum equal at their par value to the aforementioned sum, to wit: ---------- ($------) Dollars which said bonds/notes are numbered serially and are in the denominations and amounts, and are otherwise more particularly described as follows: ----------

---

which said bonds/notes are being herewith deposited with the Clerk of The Tax Court of the United States and his receipt taken therefor.

Contemporaneously herewith the undersigned has also executed and delivered an irrevocable power of attorney and agreement in favor of the Clerk of The Tax Court of the United States, authorizing and empowering him, as such attorney to collect or sell or transfer or assign the above-described bonds/notes so deposited, or any part thereof, in case of any default in the performance of any of the above-named conditions or stipulations.

---------- [SEAL]

By ---
*Title*

Attest:

---
*Secretary.*

6. The following revised forms are adopted:

§ 702.8c *Power of attorney and agreement by corporation.*

Know all men by these presents: That ----------, a corporation duly incorporated under the laws of the State of ----------, and having its principal office in the city of ----------, State of ---------- ----------, in pursuance of a resolution of the Board of Directors of said corporation, passed on the ------ day of ----------, 19---, a duly certified copy of which resolution is hereto attached, does hereby constitute and appoint the Clerk of The Tax Court of the United States as attorney for said corporation, for and in the name of said corporation to collect or to sell, assign, and transfer certain United States Liberty bonds, or other bonds or notes of the United States, the property of said corporation, described as follows:

| Title of bonds/notes | Total face amount | Denomination | Serial No. | Interest dates |
|---|---|---|---|---|
| | | | | |

such bonds/notes having been deposited by it, pursuant to the Act of July 30, 1947, c. 390, 61 Stat. 646, as security for the faithful performance of any and all of the conditions or stipulations of a certain obligation entered into by it with (here enter "the Commissioner of Internal Revenue and/or the United States" or enter "the Renegotiation Board and/or the United States") under date of ----------, which is hereby made a part thereof, and the undersigned agrees

that, in case of any default in the performance of any of the conditions and stipulations of such undertaking, its said attorney shall have full power to collect said bonds/notes or any part thereof, or to sell, assign, and transfer said bonds/notes or any part thereof without notice, at public or private sale, or to transfer or assign to another for the purpose of effecting either public or private sale, free from any equity of redemption and without appraisement or valuation, notice and right to redeem being waived, and the proceeds of such sale or collection, in whole or in part to be applied to the satisfaction of any damages, demands, or deficiency arising by reason of such default, as may be deemed best, and the undersigned further agrees that the authority herein granted is irrevocable.

And said corporation hereby for itself, its successors and assigns, ratifies and confirms whatever its said attorney shall do by virtue of these presents.

In witness whereof, the ----------, the corporation hereinabove named, by ---------- (name and title of officer), duly authorized to act in the premises, has executed this instrument and caused the seal of the corporation to be hereto affixed this ------ day of ----------, 19-----.

----------
By ----------
*Title*

Attest:

----------
[CORPORATE SEAL] *Secretary*

State of ----------}
County of ----------} *ss:*

Before me, the undersigned, a notary public within and for the said county and state, personally appeared ---------- (name and title of officer), and for and in behalf of said ----------, corporation, acknowleged the execution of the foregoing power of attorney.

Witness my hand and notarial seal this ------ day of ----------, 19-----.

[NOTARIAL SEAL] ----------
*Notary Public*

My commission expires ----------.

§ 702.8d *Power of attorney and agreement by individuals.*

Know all men by these presents: That I (we), ----------, do hereby constitute and appoint the Clerk of The Tax Court of the United States as attorney for me (us), and in my (our) name to collect or to sell, assign, and transfer certain United States Liberty bonds, or other bonds or notes of the United States, being my (our) property described as follows:

| Title of bonds/notes | Total face amount | Denomination | Serial No. | Interest dates |
|---|---|---|---|---|
| | | | | |

such bonds/notes having been deposited by me (us) pursuant to the Act of July 30, 1947, c. 390, 61 Stat. 646, as security for the faithful performance of any and all of the conditions or stipulations of a certain obligation entered into by me (us) with (here enter "the Commissioner of Internal Revenue and/or the United States" or enter "the Renegotiation Board and/or the United States") under date of ----------, which is hereby made a part thereof, and I (we) agree that, in case of any default in the performance of any of the conditions and stipulations of such undertaking, my (our) said attorney shall have full power to collect said bonds/notes or any part thereof, or to sell, assign, and transfer said bonds/notes or any part thereof without notice, at public or private sale, or to transfer or assign to another for the purpose of effecting either public or private sale, free from any equity of redemption and without appraisement or valuation, notice and right to redeem being waived, and the proceeds of such sale or collection, in whole or in part to be applied to the satisfaction of any damages, demands, or deficiency arising by reason of such default, as may be deemed best, and I (we) further agree that the authority herein granted is irrevocable.

And for myself (ourselves), my (our several) administrators, executors, and assigns, I (we) hereby ratify and confirm whatever my (our) said attorney shall do by virtue of these presents.

In witness whereof, I (we) hereinabove named, have executed this instrument and affixed my (our) seal this ------ day of ----------, 19-----.

---------- [SEAL]

State of ----------}
County of ----------} *ss:*

Before me, the undersigned, a notary public within and for the said county and state, personally appeared ---------- (Name of obligor), and acknowledged the execution of the foregoing power of attorney.

Witness my hand and notarial seal this ------ day of ----------, 19-----.

[NOTARIAL SEAL] ----------
*Notary Public*

My commission expires ----------.

(53 Stat. 160, as amended; 26 U. S. C. 1111)

*Effective date.* September 5, 1952.

By the Court.

[SEAL] JOHN W. KERN,
*Chief Judge,*
*The Tax Court of the United States.*

OCTOBER 3, 1952.

[F. R. Doc. 52-10943; filed, Oct. 8, 1952; 8:48 a. m.]

# TITLE 32A—NATIONAL DEFENSE, APPENDIX

## Chapter III—Office of Price Stabilization, Economic Stabilization Agency

[Ceiling Price Regulation 1, Revision 1, Amdt. 5]

### CPR 1—NEW PASSENGER AUTOMOBILES

#### NEW PRODUCT CEILINGS

Pursuant to the Defense Production Act of 1950, as amended, Executive Order 10161, and Economic Stabilization Agency General Order No. 2, this Amendment 5 to Ceiling Price Regulation 1, Revision 1, is hereby issued.

#### STATEMENT OF CONSIDERATIONS

This amendment revises the provisions of CPR 1, Revision 1 applying to new products. Delays have been encountered in the processing of applications for the establishment of ceiling prices for new passenger automobiles and items of optional equipment, because of the necessity for requesting additional information from the applicant. The revision of section 10 introduces OPS Public Form 149 for the use of manufacturers seeking to establish ceiling prices for items of extra, special or optional equipment not produced on the base date. It is expected that the use of such forms will greatly expedite the processing of applications covering such new equipment.

In the opinion of the Director of Price Stabilization the provisions of this amendment are generally fair and equitable and are necessary to effectuate the purposes of Title IV of the Defense Production Act of 1950, as amended.

In the formulation of this amendment there has been consultation with the industry representatives, including trade representatives, to the extent practicable, and consideration has been given to their recommendations.

#### AMENDATORY PROVISIONS

CPR 1, Revision 1, is amended in the following respects:

1. Section 10 is amended to read as follows:

SEC. 10. *Ceiling prices for new products*—(a) *New automobiles.* If you produce a new automobile not a counterpart of any body style, line or series produced or sold on or after the base date, you must apply to the Office of Price Stabilization for an order establishing a ceiling price for your product. Your application must be filed with the Industrial Materials and Manufactured Goods Division, Office of Price Stabilization, Washington 25, D. C., and contain the following information:

(1) A description of the new automobile for which a ceiling price is sought, with a statement justifying your classification as a new automobile, not a counterpart, within the meaning of this regulation. This description should give details of the body styles to be produced; the engine, including the manufacturer, number of cylinders, horsepower rating, bore and stroke; wheelbase and overall length; weight; tire size; type of automatic drive, if any; a description of the body styling; any other information you feel pertinent.

(2) A detailed statement of the total unit costs of the automobile as of the time of the application, including your direct materials and labor costs, factory overhead, tool amortization, selling, and general and administrative expense. If any of these costs are estimated this must be indicated, with the basis for arriving at your estimate.

(3) A description of the automobile you manufacture and consider most similar to the new automobile and for which you have a ceiling price, a detailed statement of the total unit costs as of the date of your application pursuant to this section, including your direct materials and labor costs, factory overhead, tool amortization, selling, and general and administrative expense (if any of these costs are estimated this must be indicated, with the basis for arriving at your estimate), and the selling price to each class of purchaser as of the time the application is submitted, for the similar automobile.

(4) If your method of allocating factory overhead, selling, and general and administrative expense reported under subparagraph (2) above is different from your method of allocating such costs reported under subparagraph (3) above, an explanation of why the methods do not conform.

(5) Any proposed suggested list price or factory retail price, discounts and net prices applicable to each class of purchaser, and all extra charges and deductions applicable to such item, such as transportation charges, delivery and handling charges, allowances for excise taxes.

You may indicate in your announcements of such list or retail prices, that the suggested prices incorporated therein reflect suggested markups no higher than those of the most similar commodities manufactured by you in effect during the periods May 24, 1950, to June 24, 1950, or January 26, 1951, to February 24, 1951.

(b) *New extra, optional or special equipment.* If you produce any item of extra, optional or special equipment not produced or sold by you on the base date you must apply to the Industrial Materials and Manufactured Goods Division, Office of Price Stabilization, Washington 25, D. C., for the establishment of a ceiling price. Your application must be made on OPS Form 149 in duplicate.

(c) *Action on your application.* On the basis of the information submitted the Director will establish ceiling prices for your product in line with ceiling prices established under Section 4 of this regulation.

2. Section 11 (a) (2) is amended to read as follows:

(2) Any proposed suggested list price or factory retail price and the discounts and net prices in effect to all classes of purchasers.

You may indicate in your announcements of such list or retail prices, that the suggested prices incorporated therein reflect suggested markups no higher than those of the most comparable commodities manufactured by you in effect during the periods May 24, 1950, to June 24, 1950, or January 26, 1951, to February 24, 1951.

3. Section 12 is amended by the addition of the following subsection:

(c) Within 10 days after the effective date of this amendment, you are required to file with the Industrial Materials and Manufactured Goods Division, Office of Price Stabilization, Washington 25, D. C., 2 copies of each current bulletin and notice which you issued or caused to be issued to dealers and/or distributors showing current suggested list prices and/or current factory retail prices of all automobiles, and factory-installed special, extra and optional equipment which you sell. Thereafter, in the event you shall issue or cause to be issued any additional bulletins or notices to dealers and/or distributors changing, modifying, correcting or stating new suggested list prices and/or factory retail prices of any automobiles, and factory-installed special, extra or optional equipment which you are then selling, you are required to file with the Industrial Materials and Manufactured Goods Division, Office of Price Stabilization, Washington 25, D. C., 2 copies of such bulletins and/or notices at the time you issue or cause such bulletins or notices to be issued.

(Sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154)

*Effective date.* This amendment is effective October 8, 1952.

NOTE: The record-keeping and reporting requirements of this regulation have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

TIGHE E. WOODS,
*Director of Price Stabilization.*

OCTOBER 8, 1952.

[F. R. Doc. 52-11005; Filed, Oct. 8, 1952; 11:05 a. m.]

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[Ceiling Price Regulation 22, Amdt. 56]

## CPR 22—MANUFACTURERS' GENERAL CEILING PRICE REGULATION

### MISCELLANEOUS AMENDMENTS CONCERNING REPAIR AND REPLACEMENT PARTS

Pursuant to the Defense Production Act of 1950, as amended, Executive Order 10161, and Economic Stabilization Agency General Order No. 2, this Amendment 56 to Ceiling Price Regulation 22 is hereby issued.

### STATEMENT OF CONSIDERATIONS

This amendment adds a paragraph to section 1 of CPR 22 to give manufacturers the election of determining their ceiling prices under Supplementary Regulation 36 to CPR 22, which is being issued simultaneously herewith, for repair and replacement parts they manufacture, if they also manufacture the assembled article in which such parts are used. They may elect to use Supplementary Regulation 36 for their parts if the ceiling prices for the assembled articles were determined under CPR 22 or Supplementary Regulations 2, 17, or 18, thereto, and if the ceiling prices of the repair and replacement parts are not covered by CPR 30. If they use the supplementary regulation for more than 10 percent of the total number of parts they manufacture, they must use it for all of their repair and replacement parts covered by the supplementary regulation.

Because of the wide coverage of this amendment and its technical nature, it was impracticable to consult formally with industry and trade association representatives. However, a number of individual views, expressed informally to this Agency, were taken into consideration in issuing this amendment.

### AMENDATORY PROVISIONS

Ceiling Price Regulation 22 is hereby amended in the following respects:

1. Section 1 is amended by the addition of the following paragraph (c):

(c) You may elect to determine ceiling prices under Supplementary Regulation 36 to this regulation for repair and replacement parts manufactured by you if you are also the manufacturer of the assembled articles in the repair of which such parts are used and ceiling prices for the assembled articles were established under either this regulation or one of the supplementary regulations thereto. This election does not apply, however, to repair and replacement parts covered by CPR 30 (Machinery and Related Manufactured Goods). If you elect to use Supplementary Regulation 36 for more than 10 percent of the total number of repair and replacement parts manufactured by you and listed on your parts price list which was in effect on the date of issuance of Supplementary Regulation 36 (or if you have no parts price list, the total number of repair and replacement parts manufactured by you which you offered for sale on that date), you must use Supplementary Regulation 36 for all of your repair and replacement parts covered by Supplementary Regulation 36.

2. Paragraph (b) (5) of Appendix A is amended by the addition of the following sentence: "However, you may elect to determine ceiling prices under Supplementary Regulation 36 to this regulation for such repair and replacement parts under the conditions set out in that supplementary regulation."

(Sec. 704, 64 Stat. 816, as amended; 50 U. S. C. App. Sup. 2154)

*Effective date.* This Amendment 56 to Ceiling Price Regulation 22 is effective October 13, 1952.

TIGHE E. WOODS,
*Director of Price Stabilization.*

OCTOBER 8, 1952.

[F. R. Doc. 52-11004; Filed, Oct. 8, 1952; 4:00 p. m.]

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[Ceiling Price Regulation 22, Supplementary Regulation 36]

## CPR 22—MANUFACTURERS' GENERAL CEILING PRICE REGULATION

### SR 36—REPAIR AND REPLACEMENT PARTS

Pursuant to the Defense Production Act of 1950, as amended, Executive Order 10161, and Economic Stabilization Agency General Order No. 2, this Supplementary Regulation to Ceiling Price Regulation 22 is hereby issued.

### STATEMENT OF CONSIDERATIONS

This supplementary regulation permits manufacturers of repair and replacement parts used in assembled articles, the ceiling prices of which have been determined under CPR 22, or under one of the supplementary regulations thereto, to establish ceiling prices for any of these parts based upon the adjustments previously computed for the assembled articles. This supplementary regulation has no application to repair or replacement parts covered by CPR 30 (Machinery and Related Manufactured Goods).

Ceiling Price Regulation 22, the Manufacturers' General Ceiling Price Regulation, as originally issued, excluded from its coverage repair and replacement parts made by the manufacturer of the assembled articles in which such parts were to be used. These repair and replacement parts remained under the General Ceiling Price Regulation.

This regulation will permit manufacturers of repair and replacement parts affected by it to determine ceiling prices for these parts upon the basis of the same principles as underlie the ceiling prices established for the finished article under CPR 22.

Use of this supplementary regulation is optional until a manufacturer has established ceiling prices under it for 10 percent of the total number of repair and replacement parts he manufactures. Once he has brought 10 percent of such parts under this supplementary regulation, he must, if he wishes to use it for additional repair and replacement parts, use it for all of his repair and replacement parts covered by this supplementary regulation.

Because of the number of repair and replacement parts which may be included within a single assembled article, and for other reasons, it has been decided not to require a manufacturer to make new calculations in order to determine the ceiling prices of his parts but to permit him to use the calculations already made in determining the ceiling price of the assembled article in which the parts are used. Under this supplementary regulation a manufacturer adjusts the prices of his repair and replacement parts in the same manner as he adjusted the price of the assembled articles. That is to say, he uses the same factors or price adjustment ratio. Where the part is used in more than one assembled article and these articles do not all have the same factors or price adjustment ratio, the manufacturer will use the factors or ratios applicable to the best selling group of assembled articles.

Adjusted ceiling prices for repair and replacement parts introduced since the pre-Korean base period, but before the effective date of this supplementary regulation, may be calculated by reference to the adjusted ceiling prices of the base period commodities in accordance with the pricing techniques established by CPR 161 (Consumer Durable Goods Regulation).

Because of the wide coverage of this supplementary regulation and its technical nature, it was impracticable to consult formally with industry and trade association representatives. However, a number of individual views expressed informally to this Agency, were taken into consideration in issuing this supplementary regulation. In the judgment of the Director the provisions of this supplementary regulation are generally fair and equitable; are necessary to effectuate the purposes of Title IV of the Defense Production Act of 1950, as amended; and comply with all the applicable standards of that act.

REGULATORY PROVISIONS

Sec.
1. Coverage of this supplementary regulation.
2. Ceiling prices for base period parts.
3. Ceiling prices for new parts.
4. Modification of ceiling prices by the Director of Price Stabilization.
5. Relationship of this supplementary regulation to CPR 22 and CPR 161.
6. Relationship of this supplementary regulation to GOR 20 and GOR 21.
7. Records.
8. Definitions.

AUTHORITY: Sections 1 to 8 issued under sec. 704, 64 Stat. 816 as amended; 50 U. S. C. App. Sup. 2154. Interpret or apply Title IV, 64 Stat. 803, as amended; 50 U. S. C. App. Sup. 2101–2110, E. O. 10161, Sept. 9, 1950, 15 F. R. 6105; 3 CFR, 1950 Supp.

SEC. 1. *Coverage of this supplementary regulation.* This supplementary regulation provides a method by which manufacturers who have established ceiling prices for assembled articles under CPR 22, or under one of the supplementary regulations to CPR 22, may establish ceiling prices replacing GCPR ceiling prices for their repair and replacement parts manufactured and sold by them for use in such articles. This supplementary regulation may not be used for repair and replacement parts covered by CPR 30 (Machinery and Related Manufactured Goods). You may elect to use either this supplementary regulation or the GCPR, but if you elect to use this supplementary regulation for more than 10 percent of the total number of repair and replacement parts manufactured by you and listed on your parts price list in effect on the date of issuance of this supplementary regulation (or if you have no parts price list, of the total number of repair and replacement parts manufactured by you which you offered for sale on that date), you must use this supplementary regulation for all of your repair and replacement parts covered by this supplementary regulation.

SEC. 2. *Ceiling prices for base period parts.* (a) You determine your ceiling price for a base period part under this section. A base period part is a repair replacement part which was sold or offered for sale during the same base period as you employed to determine the ceiling price of the assembled article in which it is used.

(b) Your ceiling price for a base period part is your base period price for the part adjusted in the same manner as you adjusted the base period price of the assembled article in which it is used, or if you used SR 2 to CPR 22 to determine the ceiling price of the assembled article, your ceiling price for the part is the GCPR ceiling price adjusted in the same manner you adjusted the GCPR ceiling price of the assembled article. That is to say, you use the same labor cost adjustment factor, materials cost adjustment factor, overhead factors or price adjustment ratio as you used in establishing the ceiling price of the assembled article under CPR 22 or under one of the supplementary regulations to CPR 22. If, however, you computed your materials cost adjustment for the assembled article by Method 2 (Individual Commodity method) or if you use the same part in a number of assembled articles, you will first have to follow the rules laid down in paragraph (c) or (d) of this section, whichever is applicable, before you calculate a ceiling price for the part under this paragraph.

(c) If you used Method 2 (Individual Commodity method) to calculate your materials cost adjustment for the assembled article, divide the materials cost adjustment determined for the assembled article by its base period price. This gives you your materials cost adjustment factor to be used in determining the ceiling price for the part.

(d) If the same part is used in more than one assembled article and these articles do not all have the same factors or price adjustment ratios, determine which portion of your business during the last complete fiscal year ending not later than December 31, 1950 produced the greatest number of assembled articles sold. By "portion of your business" is meant the group of commodities having the same factors or price adjustment ratios. (It may be, depending upon your method of calculating ceiling prices of the assembled commodities, an individual commodity, a product line, a category or a unit of your business.) Then use the factors or ratio applicable to the assembled articles produced in that portion of your business.

EXAMPLES

(a) The No. 2 driveshaft that you manufacture is used in your deluxe outboard motor. You calculated your ceiling price for this motor under CPR 22. Your labor cost adjustment factor for this motor calculated under section 8 was 2.3 percent and your materials cost adjustment factor calculated under Method 1 (section 13 of CPR 22) was 4.8 percent, a total of 7.1 percent. Your base period price for the No. 2 driveshaft was $3.50; $3.50 times 7.1 percent gives you $0.24850; $3.50 plus 0.24850 is $3.749, which when rounded as permitted by section 25 of CPR 22, becomes $3.75. This is your ceiling price under this supplementary regulation for your No. 2 driveshaft.

(b) Assume the same facts as above except that the ceiling price of your deluxe outboard motor was calculated under SR 17 to CPR 22. Assume also that the base period price of the No. 2 driveshaft and the labor and materials cost adjustment factors for the deluxe outboard motor were the same under CPR 22 and SR 17. The 1950 overhead cost adjustment factor was 36.48 percent and the 1951 overhead cost adjustment factor was 38.22 percent. The 1950 overhead period price of the No. 2 driveshaft was $3.50 and the 1951 overhead period price was $3.65. Your labor and materials cost adjustment for the No. 2 driveshaft is $0.24850 ($3.50 times 7.1 percent); $3.50, the 1950 overhead period price of the part, multiplied by 36.48 percent, the 1950 overhead cost adjustment factor is $1.28, which is your total 1950 unit overhead for the No. 2 driveshaft; $3.65, your 1951 overhead period price, multiplied by 38.22 percent, the 1951 overhead cost adjustment factor, gives you $1.40, your total 1951 unit overhead; $1.40 minus $1.28 is $0.12. This is your overhead adjustment. $0.12, your overhead adjustment, and $0.25, your labor and materials cost adjustment, results in a total adjustment of $0.37, which, when added to your base period price of $3.50 gives you a ceiling price under this supplementary regulation for your No. 2 driveshaft of $3.87.

(c) Assume the same facts as (a) above, except that the materials cost adjustment of the deluxe outboard motor was $7.50, computed under section 14 of CPR 22 (Method 2), and the base period price of the motor was $156.45. You derive a materials cost adjustment factor for the No. 2 driveshaft by dividing the materials cost adjustment of $7.50 by the base period price of the motor, $156.45. The result is 4.8 percent. Your ceiling price for your No. 2 driveshaft is then calculated just as in Example (a) above.

(d) Now assume that the facts are the same as in paragraph (a) except your No. 2 driveshaft was designed to be used in your economy, standard and deluxe outboard motors and your materials cost adjustment was calculated separately under Method 2 for each motor. During your last complete fiscal year, ending not later than December 31, 1950, you sold 3,000 economy motors, 4,000 standard motors and 5,000 deluxe motors. You use the factors applicable to

your deluxe motors to calculate the ceiling price of the No. 2 driveshaft.

(e) Lastly, assume you manufacture a plastic knob that had a GCPR ceiling price of $0.024 and which is sold interchangeably as a part for commodities in your product lines "toys", "kitchen utensils" and "hardwares", each of which have separate price adjustment ratios computed under SR 2 to CPR 22 of 102.5, 102, and 101 percent, respectively. You sold 4,000 "toys", 3,000 "kitchen utensils" and 2,000 "hardwares" in the last complete fiscal year ending prior to December 31, 1950. You use the SR 2 price adjustment ratio applicable to toys to determine your new ceiling price for plastic knobs. $0.024 multiplied by 102.5 percent is 0.025 when rounded as permitted by section 25. $0.025 is your ceiling price for this plastic knob under this supplementary regulation.

SEC. 3. *Ceiling prices for new parts.* You determine your adjusted ceiling prices for new repair and replacement parts in accordance with CPR 161 (Consumer Durable Goods Regulation). A new repair or replacement part is one first offered for sale by you since the base period employed by you to determine the ceiling price of the assembled article in which it is used. Sections 3, 4 and 5 of CPR 161 require you to determine a ceiling price by reference to the ceiling price of "comparison commodities". In applying sections 3, 4 and 5, use as the ceiling prices of the "comparison commodities" the adjusted ceiling prices determined under this supplementary regulation.

SEC. 4. *Modification of ceiling prices by the Director of Price Stabilization.* The Director of Price Stabilization may at any time disapprove or revise downward ceiling prices proposed to be used, or being used, under this supplementary regulation so as to bring them into line with the level of ceiling prices otherwise established or direct you to continue using your GCPR ceiling prices until further notice.

SEC. 5. *Relationship of this supplementary regulation to CPR 22 and CPR 161.* If you elect to use this supplementary regulation for any of your repair or replacement parts, the provisions of CPR 22 and the supplementary regulations thereto, except their reporting provisions and those provisions which are inconsistent with this supplementary regulation, become applicable to you in establishing your ceiling prices for any base period parts covered by your election. All the provisions of CPR 161, including its reporting provisions, which are not inconsistent with this supplementary regulation become applicable to you, if they are not yet applicable, in establishing your ceiling prices for any new commodities covered by your election. Note that you are not required to file OPS Public Forms 8, 100 or 105 for your base period repair and replacement parts. You are, however, required to file OPS Public Forms 142 to 147 for any new repair or replacement parts where required by CPR 161.

SEC. 6. *Relationship of this supplementary regulation to GOR 20 and GOR 21.* Issuance of this supplementary regulation has no effect upon applications for adjusted ceiling prices under GOR 20 and GOR 21. You may continue to apply under these regulations for the adjustment of your GCPR ceiling prices for repair and replacement parts. If you have already applied for and received adjusted ceiling prices under GOR 20 or GOR 21, you may continue to use them or you may elect to establish ceiling prices for these parts under this supplementary regulation.

SEC. 7. *Records.* With respect to any commodity covered by this supplementary regulation, you shall prepared and preserve for the life of the Defense Production Act of 1950, as amended, and for two years thereafter all records necessary to determine whether you have computed your ceiling prices correctly, including records showing base period prices, or ceiling prices under the General Ceiling Price Regulation if you use a price adjustment ratio computed under SR 2 to CPR 22, and worksheets showing how you computed and applied your cost adjustment factors or price adjustment ratios to the commodities covered by this supplementary regulation.

SEC. 8. *Definitions.* All terms have the same meaning as in CPR 22 except where otherwise noted.

(a) "Assembled article" means a commodity covered by CPR 22 in which the repair and replacement part is designed to be used.

(b) "Base period assembled article" means an assembled article sold or offered for sale during the base period of whatever regulation you used in determining the ceiling price of the assembled article.

(c) "CPR 22" means Ceiling Price Regulation 22.

(d) "Factors" means the labor, materials, and overhead cost adjustment factors determined under CPR 22 or SR 17 or 18 to CPR 22 for your assembled articles.

(e) "GCPR" means General Ceiling Price Regulation.

(f) "Part" means a repair or replacement part covered by this supplementary regulation.

(g) "Price adjustment ratio" is the price adjustment ratio established under SR 2 to CPR 22 for your assembled articles.

(h) "SR 17" means Supplementary Regulation 17 to CPR 22.

(i) "SR 18" means Supplementary Regulation 18 to CPR 22.

*Effective date.* This supplementary regulation is effective October 13, 1952.

NOTE: The record-keeping and reporting requirements of this supplementary regulation have been approved by the Bureau of the Budget in accordance with the Federal Reports Act of 1942.

TIGHE E. WOODS,
*Director of Price Stabilization.*

OCTOBER 8, 1952.

[F. R. Doc. 52-11003; Filed, Oct. 8, 1952; 4:00 p. m.]

# TITLE 38—PENSIONS, BONUSES, AND VETERANS' RELIEF

## Chapter I—Veterans' Administration

### PART 21—VOCATIONAL REHABILITATION AND EDUCATION

### SUBPART A—REGISTRATION AND RESEARCH

### MISCELLANEOUS AMENDMENTS

1. In § 21.107, paragraph (l) is amended to read as follows:

§ 21.107 *Periodic reports of conduct, progress, and compensation for productive labor.* * * *

(l) *Reductions in subsistence allowance because of unauthorized and excessive absences.* Subsistence allowance will be recovered for unauthorized and excessive absences reported on VA Form 7-1963, 7-1908, or otherwise in an amount representing the subsistence that would be paid for the number of days reported at the rate applicable for the month in which the adjustment is effected. For example: A veteran pursuing on-the-job training is receiving subsistence allowance at the rate of $90 per month. When VA Form 7-1963 is received on May 1, 1949, 5 days of unauthorized absence is reported. Subsistence allowance rate for the succeeding reporting period (May-August) is restricted to the wage differential of $60 per month. VA Form 7-1907c or 7-1907c-1 will be executed to authorize subsistence allowance at zero rate for the period May 1 through May 5, 1949, and at the rate of $60 per month for the remaining applicable period. The following notation will be made on VA Form 7-1907c or 7-1907c-1: "Deduct 5 days for absences." Subsistence allowance will be recovered for reported unauthorized and excessive absences even though it is not possible to make a prospective recovery—as in instances where the veteran has withdrawn from training at the time the action is being taken, or where the veteran's training will terminate prior to the end of the period necessary to effect full recovery. In these circumstances an authorization action will be effected retroactively for the appropriate number of days, with subsistence being awarded at zero rate for the applicable number of days immediately preceding the terminal date of the subsistence allowance award. For example: If in the case shown above the veteran's course was scheduled to be completed on May 3, 1949 (and the veteran has not requested leave), an authorization action will be executed to award subsistence allowance at zero rate for the period April 29 through May 3, 1949. However, in such cases where the closing date of the authorization action to effect recovery would revert to a date in a preceding month other than 30 days in length, subsistence allowance will be awarded at zero rate effective the first of such month for the appropriate number of days to effect full recovery.

2. In § 21.130, paragraphs (a), (b), (c), and (d) (4), (5), and (6) are amended to read as follows:

§ 21.130 *Effective dates.* (a) The beginning date of an authorization of subsistence allowance on account of vocational rehabilitation training shall be the date of entrance or reentrance into vocational rehabilitation training.

(b) All authorization actions entering veterans into vocational rehabilitation training will authorize subsistence allowance at the rate provided for a person without a dependent or dependents, unless satisfactory evidence of dependency is of record which warrants an authorization of subsistence allowance on account of dependency. If satisfactory evidence of dependency existing at the time of entrance into training is received within 1 year of the date of the request therefor, subsistence allowance payable because of the dependency will be authorized to begin as of the date of entrance into training, otherwise, as of date satisfactory evidence is received in the Veterans' Administration.

(c) The beginning date of an increase in subsistence allowance on account of a dependent claimed after entrance into training will be the date the evidence establishing the dependency is received in the Veterans' Administration.

(d) The ending date of an award in which there is to be a reduction or discontinuance of subsistence allowance will be:

* * * * *

(4) Interruption of course, the last day of attendance or the last day in an approved leave status, whichever is applicable.

(5) Discontinuance of course, the last day of attendance or the last day in an approved leave status, whichever is applicable.

(6) Employability determined, the last day of attendance or the last day of approved leave status, whichever is applicable. The 2 months' post rehabilitation pay will be authorized in accordance with the provisions of § 21.133 (h).

* * * * *

3. In the FEDERAL REGISTER of October 18, 1949 (14 F. R. 6333) a new paragraph (f) was added to § 21.133. On November 29, 1949 (14 F. R. 7177) an additional paragraph was added to this section and inadvertently was designated as an amendment of paragraph (f); this new paragraph should have been designated paragraph (g). Paragraph (f) of § 21.133 as added October 18, 1949 is hereby amended to read as set forth below and a new paragraph (h) is added.

§ 21.133 *Rates of subsistence allowance.* * * *

(f) *Active or inactive military or naval service.* (1) When a veteran under Part VII reenters active military or naval service his training status is interrupted by the Veterans' Administration and the authorization of subsistence allowance is therefore not in order. However, a veteran who reenters active military service following the determination of his employability is not precluded from receiving post rehabilitation pay.

(2) Persons hospitalized pending final discharge from the active military or naval forces may not receive subsistence allowance in any amount by reason of the specific prohibition in section 1507, Public Law 346, 78th Congress, as added by Public Law 268, 79th Congress.

(3) Members of the Army Reserve, Naval Reserve, National Guard, Air Force Reserve, Air National Guard, Marine Corps Reserve, Coast Guard Reserve, ROTC, or NROTC, who receive annual training where a single period of training ordinarily does not exceed 60 days, such as "summer camp" or "annual cruise," will not be authorized subsistence allowance during such a period except where leave has been granted concurrently under § 21.261 or § 21.261a.

(4) The receipt of drill pay, flight pay, or commuted rations by members of the Army Reserve, Naval Reserve, National Guard, Air Force Reserve, Air National Guard, Marine Corps Reserve, or Coast Guard Reserve for short periods of training given each week or month and members of the advanced course of NROTC or ROTC who draw commutation in lieu of subsistence while in that specialized training does not preclude the payment of subsistence allowance.

(5) Persons receiving training under Public Law 729, 79th Congress, known as the Navy "Holloway Plan," are not entitled to receive concurrently any benefits under Part VII.

(6) Persons receiving training as a cadet or midshipman at one of the service academies are not entitled to receive concurrently any benefits under Part VII.

(7) The receipt of the Armed Forces retirement or retainer pay by a person not on active duty with such forces is not a bar to the authorization of subsistence allowance.

(g) *Waiver of service-connected disability compensation in order to receive non-service-connected disability pension.* * * *

(h) *Employability determined.* Upon determination of employability of a veteran who has pursued a course of training under Part VII, except under the conditions stated in § 21.281 (c), a lump sum payment of the 2 months' post rehabilitation pay will be authorized. The amount of such payment will be computed on the basis of the rate of subsistence allowance applicable in the individual veteran's case at the time employability was determined, except that for the purpose of this payment the rate shall not be affected by the provisions of paragraph (b) (2) (ii) of this section.

(Sec. 2, 46 Stat. 1016, sec. 7, 48 stat. 9, sec. 2, 57 Stat. 43, as amended, sec. 400, 58 Stat. 287, as amended; 38 U. S. C. 11a, 701, 707, ch. 12 note. Interprets or applies secs. 3, 4, 57 Stat. 43, as amended, secs. 300, 1500–1504, 1506, 1507, 58 Stat. 286, 300, as amended; 38 U. S. C. 693g, 697–697d, 697f, g, ch. 12 note)

This regulation is effective October 9, 1952.

[SEAL] H. V. STIRLING,
*Deputy Administrator.*

[F. R. Doc. 52-10937, Filed, Oct. 8, 1952; 8:51 a. m.]

# TITLE 47—TELECOMMUNICATION

## Chapter I—Federal Communications Commission

[Docket Nos. 8736, 8975, 9175, 8976]

PART 3—RADIO BROADCAST SERVICES

TELEVISION CHANNEL ASSIGNMENTS

In the matters of amendment of § 3.606 of the Commission's rules and regulations, Docket Nos. 8736 and 8975; amendment of the Commission's rules, regulations and engineering standards concerning the television broadcast service, Docket No. 9175; utilization of frequencies in the Band 470 to 890 Mcs. for television broadcasting, Docket No. 8976.

On July 10, 1952, the Commission adopted an order (FCC 52-661) amending, without change in channel assignments, § 3.606 (b) of the Commission's rules and regulations, to provide for the addition of offset carrier identifications for channel assignment numbers. The channel assignments for Bowling Green, Kentucky, and Tiffin, Ohio, should have been listed as follows:

| | |
|---|---|
| Kentucky: Bowling Green | 13, 17+. |
| Ohio: Tiffin | 47+. |

However, due to an error in reproduction the numeral 1 in Channel 13 for Bowling Green and the numerals 47+ for Tiffin, Ohio, were inadvertently omitted. *Accordingly, it is ordered,* That § 3.606 (b) is corrected by the change of numeral 3 to numeral 13 in the channel assignment for Bowling Green, Kentucky, and by the addition of numeral 47+ to Tiffin, Ohio.

FEDERAL COMMUNICATIONS COMMISSION,
[SEAL] T. J. SLOWIE,
*Secretary.*

[F. R. Doc. 52-10946; Filed, Oct. 8, 1952; 8:48 a. m.]

# PROPOSED RULE MAKING

## DEPARTMENT OF THE TREASURY

### Bureau of Internal Revenue

### [ 26 CFR Part 29 ]

INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1941

COLLAPSIBLE CORPORATIONS

Notice is hereby given, pursuant to the Administrative Procedure Act, approved June 11, 1946, that the regulations set forth in tentative form below are proposed to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secfetary of the Treasury. Prior to the final adoption of such regulations, consideration will be given to any data, views, or arguments pertaining thereto which are submitted in writing in duplicate to the Commissioner of Internal Revenue, Washington 25, D. C., within the period of 30 days from the date of publication of this notice in the FEDERAL REGISTER. The proposed regulations are to be issued under the authority contained in sections 62 and 3791 of the Internal Revenue Code (53 Stat. 32, 467; 26 U. S. C. 62, 3791).

[SEAL] JOHN B. DUNLAP,
*Commissioner of Internal Revenue.*

In order to conform Regulations 111 (26 CFR Part 29) to section 212 of the Revenue Act of 1950, approved September 23, 1950, and to section 326 of the Revenue Act of 1951, approved October 20, 1951, such regulations are hereby amended as follows:

PARAGRAPH 1. There is inserted immediately after § 29.117–10, as added by Treasury Decision 5881, approved February 11, 1952, the following:

SEC. 212. TREATMENT OF GAIN TO SHAREHOLDERS OF COLLAPSIBLE CORPORATIONS (REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950).

(a) *Collapsible corporations.* Section 117 (relating to capital gains or losses) is hereby amended by adding after subsection (l) (added by section 211 (a) of this Act) the following new subsection:

(m) *Collapsible corporations*—(1) *Treatment of gain to shareholders.* Gain from the sale or exchange (whether in liquidation or otherwise) of stock of a collapsible corporation, to the extent that it would be considered (but for the provisions of this subsection) as gain from the sale or exchange of a capital asset held for more than 6 months, shall, except as provided in paragraph (3), be considered as gain from the sale or exchange of property which is not a capital asset.

(2) *Definitions.* (A) For the purposes of this subsection, the term "collapsible corporation" means a corporation formed or availed of principally for the manufacture, construction, or production of property, or for the holding of stock in a corporation so formed or availed of, with a view to—

(i) The sale or exchange of stock by its shareholders (whether in liquidation or otherwise), or a distribution to its shareholders, prior to the realization by the corporation manufacturing, constructing, or producing the property of a substantial part of the net income to be derived from such property, and

(ii) The realization by such shareholders of gain attributable to such property.

(B) For the purposes of subparagraph (A), a corporation shall be deemed to have manufactured, constructed, or produced property, if—

(i) It engaged in the manufacture, construction, or production of such property to any extent,

(ii) It holds property having a basis determined, in whole or in part, by reference to the cost of such property in the hands of a person who manufactured, constructed, or produced the property, or

(iii) It holds property having a basis determined, in whole or in part, by reference to the cost of property manufactured, constructed, or produced by the corporation.

(3) *Limitations on application of subsection.* In the case of gain realized by a shareholder upon his stock in a collapsible corporation—

(A) This subsection shall not apply unless, at any time after the commencement of the manufacture, construction, or production of the property, such shareholder (i) owned (or was considered as owning) more than 10 per centum in value of the outstanding stock of the corporation, or (ii) owned stock which was considered as owned at such time by another shareholder who then owned (or was considered as owning) more than 10 per centum in value of the outstanding stock of the corporation;

(B) This subsection shall not apply to the gain recognized during a taxable year unless more than 70 per centum of such gain is attributable to the property so manufactured, constructed, or produced; and

(C) This subsection shall not apply to gain realized after the expiration of three years following the completion of such manufacture, construction, or production.

For the purposes of subparagraph (A), the ownership of stock shall be determined in accordance with the rules prescribed by paragraphs (1), (2), (3), (5), and (6) of section 503 (a), except that, in addition to the persons prescribed by paragraph (2) of that section, the family of an individual shall include the spouses of that individual's brothers and sisters (whether by the whole or half blood) and the spouses of that individual's lineal descendants.

(b) *Effective date.* The amendment made by this section shall be applicable to taxable years ending after December 31, 1949, but shall apply only with respect to gain realized after such date. The determination of the tax treatment of gains realized prior to January 1, 1950, shall be made as if this section had not been enacted and without inferences drawn from the fact that the amendment made by this section is not expressly made applicable to gains realized prior to such date and without inferences drawn from the limitations contained in section 117 (m), added to the Internal Revenue Code by this section.

SEC. 326. COLLAPSIBLE CORPORATIONS (REVENUE ACT OF 1951, APPROVED OCTOBER 20, 1951).

(a) *Definitions with respect to collapsible corporations.* Section 117 (m) (2) (relating to definitions with respect to collapsible corporations) is hereby amended to read as follows:

(2) *Definitions.* (A) For the purposes of this subsection, the term "collapsible corporation" means a corporation formed or availed of principally for the manufacture, construction, or production of property, for the purchase of property which (in the hands of the corporation) is property described in subsection (a) (1) (A), or for the holding of stock in a corporation so formed or availed of, with a view to—

(i) The sale or exchange of stock by its shareholders (whether in liquidation or otherwise), or a distribution to its shareholders, prior to the realization by the corporation manufacturing, constructing, producing, or purchasing the property of a substantial part of the net income to be derived from such property, and

(ii) The realization by such shareholders of gain attributable to such property.

(B) For the purposes of subparagraph (A), a corporation shall be deemed to have manufactured, constructed, produced, or purchased property, if—

(i) It engaged in the manufacture, construction, or production of such property to any extent,

(ii) It holds property having a basis determined, in whole or in part, by reference to the cost of such property in the hands of a person who manufactured, constructed, produced, or purchased the property, or

(iii) It holds property having a basis determined, in whole or in part, by reference to the cost of property manufactured, constructed, produced, or purchased by the corporation.

(b) *Limitations on application of section 117 (m).* Subparagraphs (A), (B), and (C) of section 117 (m) (3) (relating to the limitations on the application of section 117 (m)) are hereby amended to read as follows:

(A) This subsection shall not apply unless, at any time after the commencement of the manufacture, construction, or production of the property, or at the time of the purchase of the property described in subsection (a) (1) (A) or at any time thereafter, such shareholder (i) owned (or was considered as owning) more than 10 per centum in value of the outstanding stock of the corporation, or (ii) owned stock which was considered as owned at such time by another shareholder who then owned (or was considered as owning) more than 10 per centum in value of the outstanding stock of the corporation;

(B) This subsection shall not apply to the gain recognized during a taxable year unless more than 70 per centum of such gain is attributable to the property so manufactured, constructed, produced, or purchased; and

(C) This subsection shall not apply to gain realized after the expiration of three years following the completion of such manufacture, construction, production, or purchase.

(c) *Effective date.* The amendments made by this section shall be applicable to taxable years ending after August 31, 1951, but shall be applicable only with respect to gains realized after such date. The determination of the tax treatment of gains realized prior to September 1, 1951, shall be made as if this section had not been enacted and without inferences drawn from the fact that the amendments to section 117 (m) made by this section are not expressly made applicable to gains realized prior to September 1, 1951, and without inferences drawn from the limitations contained in section 117 (m), as amended by this section.

§ 29.117–11 *Collapsible corporations*—(a) *In general.* With respect to taxable years ending after December 31, 1949, but only with respect to gain realized after such date, and subject to the limitations contained in paragraph (c) of this section, the entire gain from (1) the actual sale or exchange of stock of a collapsible corporation, (2) amounts distributed in complete or partial liquidation of a collapsible corporation which are treated, under section 115 (c), as payment in exchange for stock, and (3) a distribution made by a collapsible corporation which, under section 115 (d),

is treated, to the extent it exceeds the basis of the stock, in the same manner as a gain from the sale or exchange of property, shall be considered as gain from the sale or exchange of property which is not a capital asset.

(b) *Determination of collapsible corporation.* (1) With respect to taxable years ending after December 31, 1949, but only with respect to gain realized after such date, a collapsible corporation is defined by section 117 (m) (2) (A) to be a corporation formed or availed of principally for the manufacture, construction, or production of property, or for the holding of stock in a corporation so formed or availed of, with a view to (i) the sale or exchange of stock by its shareholders (whether in liquidation or otherwise), or a distribution to its shareholders, prior to the realization by the corporation manufacturing, constructing, or producing the property of a substantial part of the net income to be derived from such property, and (ii) the realization by such shareholders of gain attributable to such property. With respect to taxable years ending after August 31, 1951, but only with respect to gain realized after such date, the definition of a collapsible corporation under section 117 (m) (2) (A) is expanded to include a corporation formed or availed of principally for the purchase of property which (in the hands of the corporation) is property described in section 117 (a) (1) (A), or for the holding of stock in a corporation so formed or availed of, with a view to (i) the sale or exchange of stock by its shareholders (whether in liquidation or otherwise), or a distribution to its shareholders, prior to the realization by the corporation purchasing the property of a substantial part of the net income to be derived from such property, and (ii) the realization by such shareholders of gain attributable to such property.

(2) See paragraph (d) of this section for a description of the facts which will ordinarily be considered sufficient to establish whether or not a corporation is a collapsible corporation under the rules of this section. See paragraph (e) of this section for examples of the application of section 117 (m).

(3) Under section 117 (m) (2) (A), the corporation must be formed or availed of with a view to the action therein described, that is, the sale or exchange of its stock by its shareholders, or a distribution to them, prior to the realization by the corporation manufacturing, constructing, producing, or purchasing the property of a substantial part of the net income to be derived from such property, and the realization by the shareholders of gain attributable to such property. This requirement is satisfied in any case in which such action was contemplated by those persons in a position to determine the policies of the corporation, whether by reason of their owning a majority of the voting stock of the corporation or otherwise. The requirement is satisfied whether such action was contemplated unconditionally, conditionally, or as a recognized possibility. If the corporation was so formed or availed of, it is immaterial that a particular shareholder was not a shareholder at the time of the manufacture, construction, production, or purchase of the property, or if a shareholder at such time, did not share in such view, and any gain of such shareholder on his stock in the corporation shall be treated in the same manner as gain of a shareholder who did share in such view. See, however, the limitation contained in paragraph (c) (2) of this section. The existence of a bona fide business reason for doing busines in the corporate form does not, by itself, negate the fact that the corporation may also have been formed or availed of with a view to the action described in section 117 (m) (2) (A).

(4) A corporation is formed or availed of with a view to the action described in section 117 (m) (2) (A) if the requisite view existed at any time during the manufacture, production, construction, or purchase referred to in that section. Thus, if the sale, exchange, or distribution is attributable solely to circumstances which arose after the manufacture, construction, production, or purchase (other than circumstances which reasonably could be anticipated at the time of such manufacture, construction, production, or purchase), the corporation shall, in the absence of compelling facts to the contrary, be considered not to have been so formed or availed of. However, if the sale, exchange, or distribution is attributable to circumstances present at the time of the manufacture, construction, production, or purchase, the corporation shall, in the absence of compelling facts to the contrary, be considered to have been so formed or availed of.

(5) The property referred to in section 117 (m) (2) (A) is that property or the aggregate of those properties with respect to which the requisite view existed. In order to ascertain the property or properties as to which the requisite view existed, reference shall be made to each property as to which, at the time of the sale, exchange, or distribution referred to in section 117 (m) (2) (A), there has not been a realization by the corporation manufacturing, constructing, producing, or purchasing the property of a substantial part of the net income to be derived from such property. However, where any such property is a unit of an integrated project involving several properties similar in kind, the determination whether the requisite view existed shall be made only if a substantial part of the net income to be derived from the project has not been realized at the time of the sale, exchange, or distribution, and in such case the determination shall be made by reference to the aggregate of the properties constituting the single project.

(6) A corporation shall be deemed to have manufactured, constructed, produced, or purchased property if it (i) engaged in the manufacture, construction, or production of property to any extent, or (ii) holds property having a basis determined, in whole or in part, by reference to the cost of such property in the hands of a person who manufactured, constructed, produced, or purchased the property, or (iii) holds property having a basis determined, in whole or in part, by reference to the cost of property manufactured, constructed, produced, or purchased by the corporation. Thus, under subdivision (i) of this subparagraph, for example, a corporation need not have originated nor have completed the manufacture, construction, or production of the property. Under subdivision (ii) of this subparagraph, for example, if an individual were to transfer property constructed by him to a corporation in exchange for all of the capital stock of such corporation, and such transfer qualifies under section 112 (b) (5), then the corporation would be deemed to have constructed the property, since the basis of the property in the hands of the corporation would, under section 113 (a) (8), be determined by reference to the basis of the property in the hands of the individual. Under subdivision (iii) of this subparagraph, for example, if a corporation were to exchange property constructed by it for property of like kind constructed by another person, and such exchange qualifies under section 112 (b) (1), then the corporation would be deemed to have constructed the property received by it in the exchange, since the basis of the property received by it in the exchange would, under section 113 (a) (6), be determined by reference to the basis of the property constructed by the corporation.

(7) In determining whether a corporation is a collapsible corporation by reason of the purchase of property, it is immaterial whether the property is purchased from the shareholders of the corporation or from persons other than such shareholders. The property, however, must be property which, in the hands of the corporation, is property of a kind described in section 117 (a) (1) (A). Section 117 (a) (1) (A) describes the following property: Stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year, or property held by the taxpayer primarily for sale to customers in the ordinary course of its trade or business. The determination whether property is of a kind described in section 117 (a) (1) (A) shall be made without regard to the fact that the corporation is formed or availed of with a view to the action described in section 117 (m) (2) (A).

(8) Section 117 (m) is applicable whether the shareholder is an individual, a trust, an estate, a partnership, a company, or a corporation.

(c) *Limitations on application of section*—(1) *General.* This section shall apply only to the extent that the recognized gain of a shareholder upon his stock in a collapsible corporation would be considered, but for the provisions of this section, as gain from the sale or exchange of a capital asset held for more than six months. Thus, if a taxpayer sells at a gain stock of a collapsible corporation which he has held for six months or less, this section would not, in any event, apply to such gain. Also, if it is determined, under provisions of law other than section 117 (m), that a sale or exchange at a gain of stock of a collapsible corporation which has been held for more than six months results in ordi-

nary income rather than long-term capital gain, then this section (including the limitations contained herein) has no application whatsoever to such gain.

(2) *Stock ownership rules.* (i) This section shall apply in the case of gain realized by a shareholder upon his stock in a collapsible corporation only if the shareholder, at any time after the actual commencement of the manufacture, construction, or production of the property, or at the time of the purchase of the property described in section 117 (a) (1) (A) or at any time thereafter, (*a*) owned, or was considered as owning, more than 10 percent in value of the outstanding stock of the corporation, or (*b*) owned stock which was considered as owned at such time by another shareholder who then owned, or was considered as owning, more than 10 percent in value of the outstanding stock of the corporation.

(ii) The ownership of stock shall be determined in accordance with the rules prescribed by section 503 (a) (1), (2), (3), (5), and (6), except that, in addition to the persons prescribed by section 503 (a) (2), the family of an individual shall include the spouses of that individual's brothers and sisters, whether such brothers and sisters are by the whole or the half blood, and the spouses of that individual's lineal descendants.

(iii) For the purpose of this limitation, treasury stock shall not be considered as outstanding stock.

(iv) It is possible, under this limitation, that a shareholder in a collapsible corporation may have gain upon his stock in that corporation treated differently from the gain of another shareholder in the same collapsible corporation.

(3) *Seventy-percent rule.* (i) This section shall apply to the gain recognized during a taxable year upon the stock in a collapsible corporation only if more than 70 percent of such gain is attributable to the property referred to in section 117 (m) (2) (A). If more than 70 percent of such gain is so attributable, then all of such gain is subject to this section, and, if 70 percent or less of such gain is so attributable, then none of such gain is subject to this section.

(ii) For the purpose of this limitation, the gain attributable to the property referred to in section 117 (m) (2) (A) is the excess of the recognized gain of the shareholder during the taxable year upon his stock in the collapsible corporation over the recognized gain which the shareholder would have if the property had not been manufactured, constructed, produced, or purchased. In the case of gain on a distribution in partial liquidation or a distribution described in section 115 (d), the gain attributable to the property shall not be less than an amount which bears the same ratio to the gain on such distribution as the gain which would be attributable to the property if there had been a complete liquidation at the time of such distribution bears to the total gain which would have resulted from such complete liquidation.

(iii) Gain may be attributable to the property referred to in section 117 (m) (2) (A) even though such gain is represented by an appreciation in the value of property other than that manufactured, constructed, produced, or purchased. Where, for example, a corporation owns a tract of land and the development of one-half of the tract increases the value of the other half, the gain attributable to the developed half of the tract includes the increase in the value of the other half.

(4) *Three-year rule.* This section shall not apply to that portion of the gain of a shareholder that is realized more than three years after the actual completion of the manufacture, construction, production, or purchase of the property to which such portion is attributable.

(d) *Application of section.* (1) (i) Whether or not a corporation is a collapsible corporation shall be determined under the rules of paragraph (b) of this section on the basis of all the facts and circumstances in each particular case. Subparagraphs (2) and (3) of this paragraph set forth those facts which will ordinarily be considered sufficient to establish that a corporation is or is not a collapsible corporation. The facts set forth in the subparagraphs (2) and (3) of this paragraph are not exclusive of other facts which may be controlling in any particular case. For example, if the facts in subparagraph (2) of this paragraph, but not the facts in subparagraph (3) of this paragraph, are present, the corporation may nevertheless not be a collapsible corporation if there are other facts which clearly establish that the rules of paragraph (b) of this section are not satisfied. Similarly, if the facts in subparagraph (3) of this paragraph are present, the corporation may nevertheless be a collapsible corporation if there are other facts which clearly establish that the corporation was formed or availed of in the manner described in paragraph (b) of this section, or if the facts in subparagraph (3) of this paragraph are not significant by reason of other facts, such as the fact that the corporation is subject to the control of persons other than those who were in control immediately prior to the manufacture, construction, production, or purchase of the property.

(ii) See paragraph (c) of this section for provisions which make section 117 (m) inapplicable to certain shareholders of collapsible corporations.

(2) The following facts will ordinarily be considered sufficient (except as otherwise provided in subparagraphs (1) and (3) of this paragraph) to establish that a corporation is a collapsible corporation:

(i) A shareholder of the corporation sells or exchanges his stock, or receives a liquidating distribution, or a distribution described in section 115 (d);

(ii) Upon such sale, exchange, or distribution, such shareholder realizes gain attributable to the property described in subdivisions (iv) and (v) of this subparagraph; and

(iii) At the time of the manufacture, construction, production, or purchase of the property described in subdivisions (iv) and (v) of this subparagraph, such activity was substantial in relation to the other activities of the corporation which manufactured, constructed, produced, or purchased such property.

The property referred to in subdivisions (ii) and (iii) of this subparagraph is that property or the aggregate of those properties which meet the following two requirements:

(iv) The property is manufactured, constructed, or produced by the corporation or by another corporation stock of which is held by the corporation, or is property purchased by the corporation or by such other corporation which (in the hands of the corporation holding such property) is property described in section 117 (a) (1) (A) (relating to stock in trade, inventories, and property held primarily for sale to customers); and

(v) At the time of the sale, exchange, or distribution described in subdivision (i) of this subparagraph, the corporation which manufactured, constructed, produced, or purchased such property has not realized a substantial part of the net income to be derived from such property.

In the case of property which is a unit of an integrated project involving several properties similar in kind, the rules of this paragraph shall be applied to the aggregate of the properties constituting the single project rather than separately to such unit. Under the rules of this paragraph, a corporation shall be considered a collapsible corporation by reason of holding stock in other corporations which manufactured, constructed, produced, or purchased the property only if the activity of the corporation in holding stock in such other corporations is substantial in relation to the other activities of the corporation.

(3) The absence of any of the facts set forth in subparagraph (2) of this paragraph or the presence of the following facts will ordinarily be considered sufficient (except as otherwise provided in subparagraph (1) of this paragraph) to establish that a corporation is not a collapsible corporation:

(i) In the case of a corporation subject to the rules of subparagraph (2) of this paragraph only by reason of the manufacture, construction, production, or purchase (either by the corporation or by another corporation the stock of which is held by the corporation) of property which is property described in section 117 (a) (1) (A), the amount (both in quantity and value) of such property is not in excess of the amount which is normal—

(*a*) For the purpose of the business activities of the corporation which manufactured, constructed, produced, or purchased the property if such corporation has a substantial prior business history involving the use of such property and continues in business, or

(*b*) For the purpose of an orderly liquidation of the business if the corporation which manufactured, constructed, produced, or purchased such property has a substantial prior business history involving the use of such property and is in the process of liquidation.

(ii) In the case of a corporation subject to the rules of subparagraph (2) of this paragraph with respect to the manufacture, construction, or production (either by the corporation or by

another corporation the stock of which is held by the corporation) of property, the amount of the unrealized net income from such property is not substantial in relation to the amount of the net income realized (after the completion of a material part of such manufacture, construction, or production, and prior to the sale, exchange, or distribution referred to in subparagraph (2) (i) of this paragraph) from such property and from other property manufactured, constructed, or produced by the corporation.

(e) *Examples.* The following examples will illustrate the application of this section:

*Example (1).* On January 2, 1951, A formed the W corporation and contributed $50,000 cash in exchange for all of the stock thereof. The W corporation borrowed $900,000 from a bank, the loan being guaranteed by the Federal Housing Authority, and used $800,000 of such sum in the construction of an apartment house on land which it purchased for $50,000. The apartment house was completed on December 31, 1951. On December 31, 1951, the corporation, having determined that the fair market value of the apartment house, separate and apart from the land, was $900,000, made a distribution (permitted under the applicable State law) to A of $100,000. At this time, the fair market value of the land was $50,000. As of December 31, 1951, the corporation has not realized any earnings and profits. It is assumed for the purpose of this example that the distribution is treated as a distribution described in section 115 (d). In 1952, the corporation began the operation of the apartment house and received rentals therefrom. The corporation has since continued to own and operate the building. The corporation reported on the basis of the calendar year and cash receipts and disbursements.

Since A received a distribution of the type described in section 115 (d) and realized a gain attributable to the building constructed by the corporation, since, at the time of such distribution, the corporation has not realized a substantial part of the net income to be derived from such building, and since the construction of the building was a substantial activity of the corporation, the W corporation is considered a collapsible corporation under (d) (2) of this section. Since the provisions of section 117 (m) (3) do not prohibit the application of section 117 (m) (1) to A, a gain of $50,000 to A (excess of $100,000 received over $50,000 basis of the stock) is, accordingly, considered ordinary income under section 117 (m) (1). In the event of the existence of additional facts and circumstances in the above case, the corporation, notwithstanding the above facts, might not be considered a collapsible corporation. See (b) and (d) (1) of this section. If the distribution were in fact not of the type described in section 115 (d) but resulted in ordinary income to A, then section 117 (m) (1) would have no application to this case.

*Example (2).* On January 2, 1950, B formed the X corporation and became the sole shareholder thereof. This corporation completed the construction of an office building in 1950. Immediately after the completion of the building, the corporation sold this building at a gain of $50,000, included this entire gain in its return for 1950, and distributed this entire gain (less taxes) to B. The corporation completed the construction of a second office building in June 1951. In August 1951, B sold the entire stock of the X corporation at a gain of $12,000, which gain is attributable to the second building. In view of the fact that B sold stock of the X corporation and realized a gain attributable to the second office building, that, at the time of such sale, the corporation had not realized a substantial part of the net income to be derived from such building, and that the construction of such building during the time of such construction was a substantial activity of the corporation, the X corporation is considered a collapsible corporation under (d) (2) of this section. Since the provisions of section 117 (m) (3) do not prohibit the application of section 117 (m) (1) to B, the gain of $12,000 to B is, accordingly, considered ordinary income.

*Example (3).* The facts in this example are the same as in example (2), except that the following facts are shown: B was the president of the X corporation and active in the conduct of its business. The second building was constructed as the first step in a project of the X corporation for the development for rental purposes of a large suburban center involving the construction of several buildings by the corporation. The sale of the stock by B was caused by his retiring from all business activity as a result of illness arising after the second building was constructed. Under these additional facts, the corporation is not considered a collapsible corporation. See (b) and (d) (1) of this section.

*Example (4).* On January 2, 1947, C formed the Y corporation and became the sole shareholder thereof. The Y corporation has been engaged solely in the business of producing motion pictures and licensing their exhibition. On January 2, 1952, C sold all of the stock of the Y corporation at a gain. The Y corporation has produced one motion picture each year since its organization and prior to January 2, 1952, it has realized a substantial part of the net income to be derived from each of its motion pictures except the last one made in 1951. This last motion picture was completed September 1, 1951. As of January 2, 1952, no license had been made for its exhibition. The fair market value on January 2, 1952, of this last motion picture exceeds the cost of its production by $50,000. A material part of the production of this last picture was completed on January 1, 1951, and between that date and January 2, 1952, the corporation had realized net income of $500,000 from other motion pictures produced by it. The corporation has consistently distributed to its shareholder its net income when received (after adjustment for taxes).

Although the corporation is within (d) (2) of this section with respect to the production of property, the amount of the unrealized net income from such property ($50,000) is not substantial in relation to the amount of the net income realized, after the completion of a material part of the production of such property and prior to sale of the stock, from such property and other property produced by the corporation ($500,000). Accordingly, the Y corporation is within (d) (3) (ii) of this section, and is not considered a collapsible corporation.

*Example (5).* The facts are the same as in example (4) except that C sold all of his stock to D on February 1, 1951. On January 2, 1952, D sold all of the Y corporation stock at a gain, the gain being attributable to the picture completed September 1, 1951, and not released by the corporation for exhibition. In view of the change of control of the corporation, the provisions of (d) (3) (ii) are not significant at the time of the sale by D, and the Y corporation would be considered a collapsible corporation on January 2, 1952. See (b) and (d) (1) of this section.

[F. R. Doc. 52-10953; Filed, Oct. 8, 1952; 8:51 a. m.]

## [ 26 CFR Part 86 ]

### ESTATE AND GIFT TAXES

### NOTICE OF PROPOSED RULE MAKING

Notice is hereby given, pursuant to the Administrative Procedure Act, approved June 11, 1946, that the regulations set forth in tentative form below are proposed to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury. Prior to the final adoption of such regulations, consideration will be given to any data, views, or arguments pertaining thereto which are submitted in writing in duplicate to the Commissioner of Internal Revenue, Washington 25, D. C., within the period of 30 days from the date of publication of this notice in the FEDERAL REGISTER. The proposed regulations are to be issued under the authority contained in sections 1029 and 3791 of the Internal Revenue Code (53 Stat. 157, 467; 26 U. S. C. 1029, 3791) and pursuant to the provisions of Public Law 814, 81st Congress, approved September 23, 1950.

[SEAL] JOHN B. DUNLAP,
*Commissioner of Internal Revenue.*

In order to conform Regulations 108 (26 CFR Part 86) to certain provisions of Parts I, II and III of Title III of the Revenue Act of 1950 (Pub. Law 814, 81st Cong.), approved September 23, 1950, such regulations are hereby amended as follows:

PARAGRAPH 1. There is inserted immediately preceding § 86.12 the following:

SEC. 302. EXEMPTION OF CERTAIN ORGANIZATIONS FOR PAST YEARS (REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950).

(a) *Trade or business not unrelated.* For any taxable year beginning prior to January 1, 1951, no organization shall be denied exemption under paragraph (1), (6), or (7) of section 101 of the Internal Revenue Code on the grounds that it is carrying on a trade or business for profit if the income from such trade or business would not be taxable as unrelated business income under the provisions of Supplement U of the Internal Revenue Code, as amended by this Act, or if such trade or business is the rental by such organization of its real property (including personal property leased with the real property).

(b) *Period of limitations.* In the case of an organization which would otherwise be exempt under section 101 of the Internal Revenue Code were it not carrying on a trade or business for profit, the filing of the information return required by section 54 (f) of the Internal Revenue Code (relating to returns by tax-exempt organizations) for any taxable year beginning prior to January 1, 1951, shall be deemed to be the filing of a return for the purposes of section 275 of the Internal Revenue Code (relating to period of limitation upon assessment and collection). In the case of such an organization which was, by the provisions of section 54 (f) of the Internal Revenue Code, specifically not required to file such information return, for the purposes of the preceding sentence a return shall be deemed to have been filed at the time when such return should have been filed had it been so required. The provisions of this subsection shall not apply to a taxable year of such an organization with respect to which, prior to September 20, 1950, (1) any amount of tax was assessed or paid,

or (2) a notice of deficiency under section 272 of the Internal Revenue Code was sent to the taxpayer.

(c) *Denial of deductions.* A gift or bequest to an organization prior to January 1, 1951, for religious, charitable, scientific, literary, or educational purposes (including the encouragement of art and the prevention of cruelty to children or animals) otherwise allowable as a deduction under section * * * 1004 (a) (2) (B), or 1004 (b) (2) or (3) of the Internal Revenue Code, may not be denied under such sections if a denial of exemption to such organization for the taxable year of the organization in which such gift or bequest was made is prevented by the provisions of subsections (a) or (b) of this section.

SEC. 162. NET INCOME INTERNAL REVENUE CODE AS AMENDED BY SECTION 321, REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950).

The net income of the estate or trust shall be computed in the same manner and on the same basis as in the case of an individual, except that—

(a) Subject to the provisions of subsection (g), there shall be allowed as a deduction (in lieu of the deduction for charitable, etc., contributions authorized by section 23 (o) any part of the gross income, without limitation, which pursuant to the terms of the will or deed creating the trust, is during the taxable year paid or permanently set aside for the purposes and in the manner specified in section 23 (o), or is to be used exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, or for the establishment, acquisition, maintenance or operation of a public cemetery not operated for profit. Where any amount of the income so paid or set aside is attributable to gain from the sale or exchange of capital assets held for more than six months, proper adjustment of the deduction otherwise allowable under this subsection shall be made for any deduction allowable to the trust under section 23 (ee);

* * * * *

(g) *Rules for application of subsection (a) in the case of trusts.*

* * * * *

(2) *Operations of trusts*—(A) *Limitation on charitable, etc., deduction.* The amount otherwise allowable under subsection (a) as a deduction shall not exceed 15 per centum of the net income of the trust (computed without the benefit of subsection (a)) if the trust has engaged in a prohibited transaction, as defined in subparagraph (B) of this paragraph.

(B) *Prohibited transactions.* For the purposes of this paragraph the term "prohibited transaction" means any transaction after July 1, 1950, in which any trust while holding income or corpus which has been permanently set aside or is to be used exclusively for charitable or other purposes described in subsection (a)—

(i) Lends any part of such income or corpus, without receipt of adequate security and a reasonable rate of interest, to;

(ii) Pays any compensation from such income or corpus, in excess of a reasonable allowance for salaries or other compensation for personal services actually rendered, to;

(iii) Makes any part of its services available on a preferential basis to;

(iv) Uses such income or corpus to make any substantial purchase of securities or any other property, for more than an adequate consideration in money or money's worth, from;

(v) Sells any substantial part of the securities or other property comprising such income or corpus, for less than an adequate consideration in money or money's worth, to; or

(vi) Engages in any other transaction which results in a substantial diversion of such income or corpus to;

the creator of such trust; any person who has made a substantial contribution to such trust; a member of the family (as defined in section 24 (b) (2) (D)) of an individual who is the creator of the trust or who has made a substantial contribution to the trust; or a corporation controlled by any such creator or person through the ownership, directly or indirectly, of 50 per centum or more of the total combined voting power of all classes of stock entitled to vote or 50 per centum or more of the total value of shares of all classes of stock of the corporation.

(C) *Taxable years affected.* The amount otherwise allowable under subsection (a) as a deduction shall be limited as provided in subparagraph (A) only for taxable years subsequent to the taxable year during which the trust is notified by the Secretary that it has engaged in such transaction, unless such trust entered into such prohibited transaction with the purpose of diverting such corpus or income from the purposes described in subsection (a), and such transaction involved a substantial part of such corpus or income.

(D) *Future charitable, etc., deductions of trusts denied deduction under subparagraph (C).* If the deduction of any trust under subsection (a) has been limited as provided in this paragraph, such trust, with respect to any taxable year following the taxable year in which notice is received of limitation of deduction under subsection (a), may, under regulations prescribed by the Secretary, file claim for the allowance of the unlimited deduction under subsection (a), and if the Secretary, pursuant to such regulations, is satisfied that such trust will not knowingly again engage in a prohibited transaction, the limitation provided in subparagraph (A) shall not be applicable with respect to taxable years subsequent to the year in which such claim is filed.

(E) *Disallowance of certain charitable, etc., deductions.* No gift or bequest for religious, charitable, scientific, literary, or educational purposes (including the encouragement of art and the prevention of cruelty to children or animals), otherwise allowable as a deduction under section * * * 1004 (a) (2) (B), or 1004 (b) (2) or (3), shall be allowed as a deduction if made in trust and, in the taxable year of the trust in which the gift or bequest is made, the deduction allowed the trust under subsection (a) is limited by subparagraph (A). With respect to any taxable year of a trust in which such deduction has been so limited by reason of entering into a prohibited transaction with the purpose of diverting such corpus or income from the purposes described in subsection (a), and such transaction involved a substantial part of such income or corpus, and which taxable year is the same, or prior to the, taxable year of the trust in which such prohibited transaction occurred, such deduction shall be disallowed the donor only if such donor or (if such donor is an individual) any member of his family (as defined in section 24 (b) (2) (D)) was a party to such prohibited transaction.

(F) *Definition.* For the purposes of this paragraph the term "gift or bequest" means any gift, contribution, bequest, devise, legacy, or transfer.

(3) *Cross reference.* For disallowance of certain charitable, etc., deductions otherwise allowable under subsection (a), see section 3813.

* * * * *

SEC. 322. EFFECTIVE DATE OF PART II (REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950).

The amendments made by this part (section 221, inserting subsection (g) in section 162 of the Internal Revenue Code) shall be applicable only with respect to taxable years beginning after December 31, 1950, except that subsection (g) (2) (E) of section 162 of the Internal Revenue Code, added by section 321 (a) of this Act, shall apply only with respect to gifts or bequests (as defined in section 162 (g) (2) (F) of the Internal Revenue Code) made on or after January 1, 1951.

* * * * *

SEC. 331. EXEMPTION OF CERTAIN ORGANIZATIONS UNDER SECTION 101, (6) AND DEDUCTIBILITY OF CONTRIBUTIONS MADE TO SUCH ORGANIZATIONS (REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950).

Chapter 38 is hereby amended by inserting at the end thereof the following new sections:

SEC. 3813. REQUIREMENTS FOR EXEMPTION OF CERTAIN ORGANIZATIONS UNDER SECTION 101 (6) AND FOR DEDUCTIBILITY OF CONTRIBUTIONS MADE TO SUCH ORGANIZATIONS.

(a) *Organizations to which section applies.* This section shall apply to any organization described in section 101 (6) except—

(1) A religious organization (other than a trust);

(2) An educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on;

(3) An organization which normally receives a substantial part of its support (exclusive of income received in the exercise or performance by such organization of its charitable, educational, or other purpose or function constituting the basis for its exemption under section 101 (6)) from the United States or any State or political subdivision thereof or from direct or indirect contributions from the general public;

(4) An organization which is operated, supervised, controlled, or principally supported by a religious organization (other than a trust) which is itself not subject to the provisions of this section; and

(5) An organization the principal purposes or functions of which are the providing of medical or hospital care or medical education or medical research.

(b) *Prohibited transactions.* For the purposes of this section, the term "prohibited transaction" means any transaction in which an organization subject to the provisions of this section—

(1) Lends any part of its income or corpus, without the receipt of adequate security and a reasonable rate of interest, to;

(2) Pays any compensation, in excess of a reasonable allowance for salaries or other compensation for personal services actually rendered, to;

(3) Makes any part of its services available on a preferential basis to;

(4) Makes any substantial purchase of securities or any other property, for more than adequate consideration in money or money's worth, from;

(5) Sells any substantial part of its securities or other property, for less than an adequate consideration in money or money's worth, to; or

(6) Engages in any other transaction which results in a substantial diversion of its income or corpus to;

the creator of such organization (if a trust); a person who has made a substantial contribution to such organization; a member of the family (as defined in section 24 (b) (2) (D)) of an individual who is the creator of such trust or who has made a substantial contribution to such organization; or a corporation controlled by such creator or person through the ownership, directly or indirectly, of 50 per centum or more of the total combined voting power of all classes of stock entitled to vote or 50 per centum or more of the total value of shares of all classes of stock of the corporation.

(c) *Denial of exemption to organizations engaged in prohibited transactions*—(1)

*General rule.* No organization subject to the provisions of this section which has engaged in a prohibited transaction after July 1, 1950, shall be exempt from taxation under section 101 (6).

(2) *Taxable years affected.* An organization shall be denied exemption from taxation under section 101 (6) by reason of paragraph (1) only for taxable years subsequent to the taxable year during which it is notified by the Secretary that it has engaged in a prohibited transaction, unless such organization entered into such prohibited transaction with the purpose of diverting corpus or income of the organization from its exempt purposes, and such transaction involved a substantial part of the corpus or income of such organization.

(d) *Future status of organization denied exemption.* Any organization denied exemption under section 101 (6) by reason of the provisions of subsection (c), with respect to any taxable year following the taxable year in which notice of denial of exemption was received, may, under regulations prescribed by the Secretary, file claim for exemption, and if the Secretary, pursuant to such regulations, is satisfied that such organization will not knowingly again engage in a prohibited transaction, such organization shall be exempt with respect to taxable years subsequent to the year in which such claim is filed.

(e) *Disallowance of certain charitable, etc., deductions.* No gift or bequest for religious, charitable, scientific, literary, or educational purposes (including the encouragement of art and the prevention of cruelty to children or animals), otherwise allowable as a deduction under section * * * 1004 (a) (2) (B), or 1004 (b) (2) or (3), shall be allowed as a deduction if made to an organization which, in the taxable year of the organization in which the gift or bequest is made, is not exempt under section 101 (6) by reason of the provisions of this section. With respect to any taxable year of the organization for which the organization is not exempt pursuant to the provisions of subsection (c) by reason of having engaged in a prohibited transaction with the purpose of diverting the corpus or income of such organization from its exempt purposes and such transaction involved a substantial part of such corpus or income, and which taxable year is the same, or prior to the, taxable year of the organization in which such transaction occurred, such deduction shall be disallowed the donor only if such donor or (if such donor is an individual) any member of his family (as defined in section 24 (b) (2) (D)) was a party to such prohibited transaction.

(f) *Definition.* For the purposes of this section, the term "gift or bequest" means any gift, contribution, bequest, devise, legacy, or transfer.

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SEC. 332. TECHNICAL AMENDMENTS (REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950).

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(g) *Amendment of section 1004 (a).* Section 1004 (a) (2) (B) is hereby amended by striking out "legislation;" and inserting in lieu thereof the following: "legislation. For disallowance of certain charitable, etc., deductions otherwise allowable under this subparagraph, see sections 3813 and 162 (g) (2):".

(h) *Amendment of section 1004 (b).* Section 1004 (b) is hereby amended by adding at the end thereof the following new paragraph:

For disallowance of certain charitable, etc., deductions otherwise allowable under paragraphs (2) and (3), see sections 3813 and 162 (g) (2).

SEC. 333. EFFECTIVE DATES (REVENUE ACT OF 1950, APPROVED SEPTEMBER 23, 1950).

Subsections (c) and (d) of section 3813 * * * of the Internal Revenue Code, added by section 331 of this Act, shall apply with respect to taxable years beginning after December 31, 1950, and subsection (e) of section 3813 of the Internal Revenue Code shall apply only with respect to gifts or bequests (as defined in section 3813 of the Internal Revenue Code) made on or after January 1, 1951.

PAR. 2. Section 86.13, as amended by Treasury Decision 5902, approved May 27, 1952, is further amended as follows:

(A) By adding a headnote to paragraph (a) thereof to read as follows: (a) *In general.";*

(B) By inserting immediately following the period at the end of paragraph (a) the following: "For disallowance of certain charitable gifts otherwise allowable as deductions hereunder see paragraph (b) of this section."; and

(C) By amending paragraph (b) thereof to read as follows:

(b) *Disallowance of certain charitable, etc., deductions.* (1) No deduction with respect to a gift made on or after January 1, 1951, to any trust or organization described in subparagraph (2) of paragraph (a) of this section which would otherwise be allowable under such paragraph shall be allowed if (i) the gift is made in trust and, for income tax purposes for the taxable year of the trust in which the gift is made, the deduction otherwise allowable to such trust under section 162 (a) is limited by section 162 (g) (2) (A) by reason of the trust having engaged in a prohibited transaction described in section 162 (g) (2) (B); or (ii) the gift is made to any such organization subject to section 3813 which, for its taxable year in which the gift is made, is not exempt from income tax under section 101 (6) by reason of having engaged in a prohibited transaction described in section 3813 (b).

(2) For the purpose of section 162 (g) (2) (E) and section 3813 (e), the term "gift" includes any gift, contribution, or other disposition.

(3) Part 29 of this chapter, relating to the income tax, contains the rules for the determination of the taxable year of the trust for which the deduction under section 162 (a) is limited by section 162 (g) (2) and for the determination of the taxable year of the organization for which an exemption is denied under section 3813 (c). See §§ 29.162–3 (b) and 29.3813–1 of this chapter. Such taxable year must begin after December 31, 1950. Generally, such taxable year is a taxable year subsequent to the taxable year during which the trust or organization has been notified by the Commissioner that it has engaged in a prohibited transaction. However, if the trust or organization after December 31, 1950, and during or prior to the taxable year entered into the prohibited transaction for the purpose of diverting its corpus or income from the purposes described in section 162 (a) or from its exempt purposes, as the case may be, and such transaction involves a substantial part of such income or corpus, then the deduction of the trust under section 162 (a) for such taxable year is limited by section 162 (g) (2), or the exemption of the organization for such taxable year is denied under section 3813 (c), whether or not the organization has previously received notification by the Commissioner that it is engaged in a prohibited transaction. In certain cases, the limitation of section 162 (g) may be removed or the exemption may be reinstated for certain subsequent taxable years under the rules set forth in §§ 29.162–3 (b) and 29.3813–2, of this chapter.

(4) In cases in which prior notification by the Commissioner is not required in order to limit the deduction of the trust under section 162 (g) (2) or to deny exemption of the organization under section 3813, the deduction otherwise allowable under paragraph (a) of this section shall not be disallowed in respect to gifts made during the same taxable year of the trust or organization in which such prohibited transaction occurred or in a prior taxable year unless the donor or a member of his family was a party to the prohibited transaction. For the purpose of the preceding sentence, the members of the donor's family include only his brothers and sisters, whether by whole or half blood, spouse, ancestors, and lineal descendants.

PAR. 3. Section 86.14 is amended by adding at the end thereof the following: "For further limitations in the case of gifts made on or after January 1, 1951, see § 86.13 (b), relating to gifts to certain trusts and organizations engaged in a prohibited transaction described in section 162 (g) (2) (B) or 3813 (b)."

[F. R. Doc. 52–10951; Filed, Oct. 8, 1952; 8:50 a. m.]

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## [ 26 CFR Part 143 ]

### TAX WITH RESPECT TO TRANSPORTATION OF PROPERTY

### MATERIAL EXCAVATED IN COURSE OF CONSTRUCTION WORK

Notice is hereby given, pursuant to the Administrative Procedure Act, approved June 11, 1946, that the regulations set forth in tentative form below are proposed to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury. Prior to the final adoption of such regulations, consideration will be given to any data, views, or arguments pertaining thereto which are submitted in writing in duplicate to the Commissioner of Internal Revenue, Washington 25, D. C., within the period of 30 days from the date of publication of this notice in the FEDERAL REGISTER. The proposed regulations are to be issued under the authority contained in sections 3472 and 3791 of the Internal Revenue Code (53 Stat. 423 and 467, 55 Stat. 722; 26 U. S. C. 3472, 3791).

[SEAL] JOHN B. DUNLAP,
*Commissioner of Internal Revenue.*

In order to conform Regulations 113 (26 CFR Part 143), relating to the tax on the amount paid for the transportation

of property, to section 495 of the Revenue Act of 1951, approved October 20, 1951, such regulations are amended as follows:

PARAGRAPH 1. There is inserted immediately preceding § 143.10 the following:

SEC. 495. TRANSPORTATION OF MATERIAL EXCAVATED IN THE COURSE OF CONSTRUCTION WORK (REVENUE ACT OF 1951, APPROVED OCTOBER 20, 1951)

(a) *Amendment of section 3475.* Section 3475 (relating to tax on transportation of property) is hereby amended by adding at the end thereof the following: "The tax imposed by this section shall not apply to the transportation of earth, rock, or other material excavated within the boundaries of, and in the course of, a construction project and transported to any place within, or adjacent to, the boundaries of such project." * * *

(b) *Effective date.* The amendment made by subsection (a) shall apply to amounts paid on or after the first day of the first month which begins more than ten days after the date of enactment of this Act for transportation on or after such first day.

PAR. 2. Section 143.13 (a), as amended by Treasury Decision 5826, approved January 12, 1951, is further amended by redesignating subdivision (iii) in the first sentence of subparagraph (7) as subdivision (iv) and by inserting after subdivision (ii) the following: (iii) to an amount paid for the transportation of material excavated within the boundaries of, and in the course of, a construction project, where the transportation is to any place within, or adjacent to, the boundaries of such project (see § 143.16);".

PAR. 3. Immediately following § 143.15, there is inserted the following new section:

§ 143.16 *Excavated material.* (a) The tax does not apply to an amount paid on or after November 1, 1951, for the transportation, originating on or after that date, of earth, rock, or other material excavated within the boundaries of, and in the course of, a construction project and transported to any place within, or adjacent to, the boundaries of such project.

(b) To come within the exemption it is necessary that two conditions be met, namely, (1) that the property be earth, rock, or other material excavated within the boundaries of, and in the course of, a construction project, and (2) that the transportation of the excavated material be within the boundaries of the construction project or to a place adjacent thereto.

(c) In determining the boundaries of a construction project, consideration will be given to the type of construction operation which is involved and the area which is required to perform and carry out the necessary work. For example, in the case of a road-building operation, the boundaries of the project would embrace the area covered by the length and width of the roadway, plus any adjoining right-of-way. In the case of the construction of an airport, the boundaries would include the outermost limits of the airport.

[F. R. Doc. 52-10954; Filed, Oct. 8, 1952; 8:51 a. m.]

## DEPARTMENT OF AGRICULTURE

### Production and Marketing Administration

### [ 7 CFR Part 962 ]

FRESH PEACHES GROWN IN GEORGIA

ORDER DIRECTING THAT REFERENDUM BE CONDUCTED; DESIGNATION OF REFERENDUM AGENTS TO CONDUCT SUCH REFERENDUM; AND DETERMINATION OF REPRESENTATIVE PERIOD

Pursuant to the applicable provisions of Marketing Agreement No. 99, as amended, and Order No. 62, as amended (7 CFR, Part 962), and the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (48 Stat. 31, as amended; 7 U. S. C. 601 et seq.), it is hereby directed that a referendum be conducted among the producers who, during the calendar year 1952 (which period is hereby determined to be a representative period for the purpose of such referendum), were engaged, in the State of Georgia, in the production of peaches for market to determine whether such producers favor the termination of the said amended marketing agreement and order. D. K. Young and G. A. Nahstoll of the Fruit and Vegetable Branch, Production and Marketing Administration, United States Department of Agriculture, are hereby designated as agents of the Secretary of Agriculture to perform, jointly or severally, the following functions in connection with the referendum:

(a) Conduct said referendum in the manner herein prescribed:

(1) By giving opportunity to each of the aforesaid producers to cast his ballot, in the manner herein authorized, relative to the aforesaid termination of the amended marketing agreement and order, on a copy of the appropriate ballot form. A cooperative association of such producers, bona fide engaged in marketing fresh peaches grown in the State of Georgia or in rendering services for or advancing the interests of the producers of such peaches, may vote for the producers who are members of, stockholders in, or under contract with, such cooperative association (such vote to be cast on a copy of the appropriate ballot form), and the vote of such cooperative association shall be considered as the vote of such producers.

(2) By determining the time of commencement and termination of the period of the referendum and by giving public notice, as prescribed in (a) (3) hereof, (i) of the time during which the referendum will be conducted, (ii) that any ballot may be cast by mail, and (iii) that all ballots so cast must be addressed to D. K. Young, Chief, Southeastern Marketing Field Office, Fruit and Vegetable Branch, Room 631, 50 Seventh Street NE., Atlanta 5, Georgia, and the time prior to which such ballots must be postmarked.

(3) By giving public notice (i) by utilizing available agencies of public information (without advertising expense), including both press and radio facilities in the State of Georgia; (ii) by mailing a notice thereof (including a copy of the appropriate ballot form) to each such cooperative association and to each producer whose name and address are known; and (iii) by such other means as said referendum agents or any of them may deem advisable.

(4) By conducting meetings of producers and arranging for balloting at the meeting places, if said referendum agents or any of them determine that voting shall be at meetings. At each such meeting, balloting shall continue until all of the producers who are present, and who desire to do so, have had an opportunity to vote. Any producer may cast his ballot at any such meeting in lieu of voting by mail.

(5) By giving ballots to producers at the meeting; and receiving any ballots when they are cast.

(6) By securing the name and address of each person casting a ballot, and inquiring into the eligibility of such person to vote in the referendum.

(7) By giving public notice of the time and place of each meeting authorized hereunder by posting a notice thereof, at least two days in advance of each such meeting, at each such meeting place, and in two or more public places within the applicable area; and, so far as may be practicable, by giving additional notice in the manner prescribed in paragraph (a) (3) hereof.

(8) By appointing any county agricultural agent, and by authorizing the chairman of the State Production and Marketing Administration committee to appoint any member or members of a PMA county committee, in the State of Georgia, and by appointing any other persons deemed necessary or desirable, to assist the said referendum agents in performing their duties hereunder. Each such person so appointed shall serve without compensation and may be authorized, by the said referendum agents or any of them, to perform any or all of the functions set forth in paragraphs (a) (5), (6), (7), and (8) hereof (which, in the absence of such appointment of subagents, shall be performed by said referendum agents) in accordance with the requirements herein set forth; and shall forward to D. K. Young, Chief, Southeastern Marketing Field Office, Fruit and Vegetable Branch, Room 631, 50 Seventh Street NE., Atlanta 5, Georgia, immediately after the close of the referendum, the following:

(i) A register containing the name and address of each producer to whom a ballot form was given;

(ii) A register containing the name and address of each producer from whom an executed ballot was received;

(iii) All of the ballots received by the respective referendum agent in connection with the referendum, together with a certificate to the effect that the ballots forwarded are all of the ballots cast and which were received by the respective agent during the referendum period;

(iv) A statement showing when and where each notice of referendum posted by said agent was posted and, if the notice was mailed to producers, the mailing list showing the names and addresses to which the notice was mailed and the time of such mailing; and

(v) A detailed statement reciting the method used in giving publicity to such referendum.

(b) Upon receipt by D. K. Young of all ballots cast in accordance with the provisions hereof, he shall canvass the ballots and prepare and submit to the Secretary a detailed report covering the results of the referendum, the manner in which the referendum was conducted, the extent and kind of public notice given, and all other information pertinent to the full analysis of the referendum and its results; and shall forward such report, together with the ballots and other information and data, to the Fruit and Vegetable Branch, Production and Marketing Administration, United States Department of Agriculture, Washington 25, D. C.

(c) Each referendum agent and appointee pursuant hereto shall not refuse to accept a ballot submitted or cast; but should they, or any of them, deem that a ballot should be challenged for any reason, or if such ballot is challenged by any other person, said agent or appointee shall endorse above his signature, on the back of said ballot, a statement that such ballot was challenged, by whom challenged, and the reasons therefor; and the number of such challenged ballots shall be stated when they are forwarded as provided herein.

(d) All ballots shall be treated as confidential.

The Director of the Fruit and Vegetable Branch, Production and Marketing Administration, United States Department of Agriculture, is hereby authorized to prescribe additional instructions, not inconsistent with the provisions hereof, to govern the procedure to be followed by the said referendum agents and appointees in conducting said referendum.

Copies of the aforesaid amended marketing agreement and order may be examined in the Office of the Hearing Clerk, United States Department of Agriculture, Washington, D. C., and at the Southeastern Marketing Field Office, Fruit and Vegetable Branch, Production and Marketing Administration, United States Department of Agriculture, Room 631, 50 Seventh Street NE., Atlanta 5, Georgia.

Ballots to be cast in the referendum may be obtained from any referendum agent, and any appointee hereunder.

Done at Washington, D. C., this 6th day of October 1952.

[SEAL] K. T. HUTCHINSON,
*Acting Secretary of Agriculture.*

[F. R. Doc. 52-10960; Filed, Oct. 8, 1952; 8:52 a. m.]

# NOTICES

## DEPARTMENT OF THE TREASURY

### Bureau of Customs

[T. D. 53110]

WHITE OR IRISH POTATOES, OTHER THAN CERTIFIED SEED

TARIFF-RATE QUOTA

SEPTEMBER 29, 1952.

The tariff-rate quota for white or Irish potatoes, other than certified seed potatoes, pursuant to Item 771 (second), Part I, Schedule XX, of the General Agreement on Tariffs and Trade (T. D. 51802), for the 12-month period beginning September 15, 1952, is 13,315,000 bushels of 60 pounds each.

The estimate of the production of white or Irish potatoes, including seed potatoes, in the United States for the calendar year 1952 made by the United States Department of Agriculture, as of September 1, 1952, was 337,685,000 bushels.

In accordance with the third proviso to the aforesaid Item 771, the 1,000,000 bushels prescribed in the second proviso is increased by the amount by which such estimated production is less than 350,000,000 bushels, which amount is 12,315,000 bushels.

[SEAL] FRANK DOW,
*Commissioner of Customs.*

[F. R. Doc. 52-10947; Filed, Oct. 8, 1952; 8:49 a. m.]

## DEPARTMENT OF THE INTERIOR

### Bureau of Land Management

ALASKA

ORDER OF TRANSFER OF JURISDICTION OF INTEREST

OCTOBER 2, 1952.

Whereas, the Office of Territories, Department of the Interior, made application, Anchorage 020550, for transfer of jurisdiction of interest to the Office of Territories, under section 7 of the Public Works Act of August 24, 1949 (63 Stat. 629; 48 U. S. C. 486e), in the lands hereinafter described, for a public works project (Chugiak School), which was approved under section 4 of the act, and

Whereas, notice of the proposed transfer of jurisdiction was published in the FEDERAL REGISTER September 10, 1952 (17 F. R. 8161), and no protest to the transfer was filed within the time allowed.

Now, therefore, by virtue of the authority contained in section 7 of the Public Works Act of August 24, 1949, supra, and pursuant to section 2.56 of Delegation Order No. 427, of August 16, 1950 (15 F. R. 5641), it is ordered as follows:

Jurisdiction of interest in and to the following described lands is hereby transferred to the Office of Territories, Department of the Interior:

T. 15 N., R. 1 W., Seward Meridian, Sec. 17, Lots 1, 2 and 3.

Any subsequent conveyance which may be made of the lands to a public body under authority of the act of August 24, 1949, supra, the instrument of conveyance shall contain a provision reserving a right-of-way for ditches and canals constructed under authority of the United States, and reserving also to the United States (1) all fissionable source materials in the lands, together with the right of the United States to enter upon the land and prospect for, mine and remove such materials in accordance with the act of August 1, 1946 (60 Stat. 755; 43 U. S. C. 1801), (2) all oil and gas and other mineral deposits in the lands together with the rights of the United States, its agents, representatives, lessees or permittees, to prospect for, mine and remove the same under such regulations as the Secretary may prescribe, (3) a right-of-way for the construction of railroads, telegraph and telephone lines in accordance with the act of March 12, 1914 (38 Stat. 305; 48 U. S. C. 305), (4) a right-of-way for roads, highways, tramways, trails, bridges, and appurtenant structures constructed by or under authority of the United States or of any State created out of the Territory of Alaska, in accordance with the act of July 24, 1947 (61 Stat. 418; 48 U. S. C. 321d), and (5) such other reservations, covenants, terms, and conditions as may be deemed proper by the Office of Territories, as well as those which may be required for the protection of the Department of the Interior or any agency thereof.

LOWELL M. PUCKETT,
*Regional Administrator.*

[F. R. Doc. 52-10916; Filed, Oct. 8, 1952; 8:45 a. m.]

## DEPARTMENT OF COMMERCE

### Federal Maritime Board

STEAMSHIP CONFERENCES USING CONTRACT/NON-CONTRACT RATES

NOTICE OF ORAL ARGUMENT

By notice appearing in the FEDERAL REGISTER of July 31, 1952 (17 F. R. 7020), the Board announced that it had under consideration a proposed rule of procedure relating to steamship freight conferences using contract/non-contract rates in the export or import trade of the foreign commerce of the United States. All persons interested in the proposed rule were requested to file written statements and comments thereon, which have been received, and certain parties have requested oral argument.

Notice is hereby given that oral argument will be heard by the Board at Washington, D. C., on October 16, 1952, beginning at 10 o'clock a. m., in Room 4821, Department of Commerce Building, with respect to: (1) Whether the Board has power to require advance filing of the initiation or modification of contract/non-contract rate systems before the latter go into effect, and (2) whether the

Board should require a 60-day or other advance filing requirement.

Other matters which have been presented in the statements and comments of interested parties will receive due consideration by the Board but do not require oral argument.

Parties are requested to notify the Secretary, Federal Maritime Board, Washington 25, D. C., immediately whether they will participate in the oral argument, and if so, the amount of time desired for argument.

Dated: October 6, 1952.

By order of the Federal Maritime Board.

[SEAL] A. J. WILLIAMS, *Secretary.*

[F. R. Doc. 52-10961; Filed, Oct. 8, 1952; 8:52 a. m.]

## FEDERAL POWER COMMISSION

[Docket No. E-6388]

PUBLIC SERVICE CO. OF NEW HAMPSHIRE

NOTICE OF ORDER TERMINATING PROCEEDINGS AND ACCEPTING RATE SCHEDULES FOR FILING

OCTOBER 3, 1952.

Notice is hereby given that on October 2, 1952, the Federal Power Commission issued its order entered September 30, 1952, terminating proceedings and accepting rate schedule for filing in the above-entitled matter.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 52-10917; Filed, Oct. 8, 1952; 8:45 a. m.]

[Docket No. E-6431]

CITIZENS UTILITIES CO.

NOTICE OF ORDER AUTHORIZING TRANSMISSION OF ELECTRIC ENERGY AND RELEASING PERMIT

OCTOBER 3, 1952.

Notice is hereby given that on October 2, 1952, the Federal Power Commission issued its order entered September 30, 1952, in the above entitled matter, authorizing transmission of electric energy to Mexico, and releasing Presidential Permit in Docket No. E-6432.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 52-10918; Filed, Oct. 8, 1952; 8:45 a. m.]

[Docket No. E-6452]

IDAHO POWER CO.

NOTICE OF SUPPLEMENTAL ORDER AUTHORIZING ISSUANCE OF SECURITIES

OCTOBER 3, 1952.

Notice is hereby given that on September 30, 1952, the Federal Power Commission issued its order entered September 30, 1952, authorizing issuance of securities in the above-entitled matter.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 52-10919; Filed, Oct. 8, 1952; 8:45 a. m.]

[Docket No. G-1925]

EAST TENNESSEE NATURAL GAS CO.

NOTICE OF ORDER ACCEPTING RATE SCHEDULES FOR FILING AND TERMINATING PROCEEDINGS

OCTOBER 3, 1952.

Notice is hereby given that on October 2, 1952, the Federal Power Commission issued its order entered September 30, 1952, accepting rate schedule for filing and terminating proceedings in the above-entitled matter.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 52-10920; Filed, Oct. 8, 1952; 8:46 a. m.]

[Project No. 1824]

GLEN ASHMEAD AND C. W. ASHMEAD

NOTICE OF ORDER ISSUING NEW LICENSE (MINOR)

OCTOBER 3, 1952.

Notice is hereby given that on August 29, 1952, the Federal Power Commission issued its order entered August 26, 1952, issuing new license (Minor) in the above-entitled matter.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 52-10921; Filed, Oct. 8, 1952; 8:46 a. m.]

[Project No. 2027]

BADLEY INVESTMENT CO.

NOTICE OF ORDER DISMISSING INCOMPLETE APPLICATION FOR LICENSE (MINOR)

OCTOBER 3, 1952.

Notice is hereby given that on October 2, 1952, the Federal Power Commission issued its order entered September 30, 1952, dismissing incomplete application for license (Minor) in the above-entitled matter.

[SEAL] LEON M. FUQUAY, *Secretary.*

[F. R. Doc. 52-10922; Filed, Oct. 8, 1952; 8:46 a. m.]

## SECURITIES AND EXCHANGE COMMISSION

[File No. 70-2914]

OHIO EDISON CO.

ORDER PERMITTING EXCHANGE OF UTILITY ASSETS

OCTOBER 3, 1952.

Ohio Edison Company ("Ohio Edison"), a registered holding company and a public utility company, has filed an application-declaration, with amendments thereto, pursuant to sections 9, 10, and 12 (d) of the act and Rule U-44 promulgated thereunder, with respect to certain proposed transactions which are summarized as follows:

Ohio Edison proposes to acquire from Columbus and Southern Ohio Electric Company ("Columbus and Southern"), a non-affiliated public utility company, certain electric distribution and related facilities, serving approximately 1500 retail customers located in Madison, Franklin, Fayette and Union Counties, Ohio. The properties to be conveyed by Columbus and Southern have an estimated gross original cost of approximately $526,000 and an estimated applicable reserve for depreciation of approximately $89,000, which amounts Ohio Edison proposes to record on its books.

In exchange for such properties, Ohio Edison proposes to transfer to Columbus and Southern certain electric distribution and related facilities, serving approximately 1300 retail customers located in Delaware and Franklin Counties, Ohio. A determination of the original cost of these properties, among others, is being made but is not yet completed.

As part of the exchange, Ohio Edison will receive from Columbus and Southern a cash adjustment of approximately $28,200 to reflect the slightly higher value, based on revenues, attributable to the properties to be conveyed by Ohio Edison.

It is stated that the proposed transactions by integrating the properties with closer sources of supply will result in operating economies.

The filing indicates that the transactions proposed by Ohio Edison and Columbus and Southern have been approved by the Public Utilities Commission of Ohio. It is represented that the accounting entries with respect to the proposed acquisition and disposition will be made in accordance with and subject to the requirements of the Uniform System of Accounts of the Federal Power Commission, which system of accounts requires that within six months from the date of acquisition or disposition of properties the proposed journal entries giving effect to the transactions and reflecting the original cost of the properties must be submitted to that Commission for approval. The filing further indicates that when the original cost and accrued depreciation of the properties proposed to be acquired and disposed of are finally determined, Ohio Edison will eliminate and debit amount includible in Account 100.5, Electric Plant Acquisition Adjustments, under the aforementioned system of accounts, with a contra entry to earned surplus or any credit amount by a contra entry to its depreciation reserve.

It is estimated that the expenses to be incurred by Ohio Edison in connection with the proposed transactions will aggregate $6,200, consisting of $1,200 to Commonwealth Services, Inc., $3,000 to J. S. Hartt, independent engineer, $1,500 to Winthrop, Stimson, Putnam & Roberts, counsel for the company, and $500 for miscellaneous expenses. It is requested that the Commission's order herein become effective upon issuance.

Said application-declaration, with the amendments thereto, having been filed and notice of said filing having been duly given in the form and manner prescribed by Rule U-23 promulgated pursuant to the act, and the Commission not having received a request for hearing with respect to said joint application-declaration, as amended, within the period specified in said notice, or otherwise, and not having ordered a hearing thereon; and

The Commission finding with respect to all the transactions proposed in said application-declaration, as amended, including the proposed acquisition and disposition of electric distribution and related facilities by Ohio Edison, that the requirements of the applicable provisions of the act and rules thereunder are satisfied, and deeming it appropriate in the public interest and in the interest of investors and consumers that the said application-declaration, as amended, be granted and permitted to become effective, forthwith:

*It is ordered*, Pursuant to Rule U-23 and the applicable provisions of the act, that said application-declaration, as amended, be, and the same hereby is, granted and permitted to become effective forthwith, subject to the terms and conditions prescribed in Rule U-24.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F. R. Doc. 52-10923; Filed, Oct. 8, 1952; 8:46 a. m.]

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[File No. 812-803]

COMMONWEALTH FUND INDENTURE OF TRUST AND TRUSTEED FUNDS, INC.

NOTICE OF APPLICATION

OCTOBER 3, 1952.

In the matter of Commonwealth Fund Indenture of Trust, Plans C and D and Trusteed Funds, Inc.; File No. 812-803.

Notice is hereby given that an application has been filed for an order under section 6 (c) of the Investment Company Act of 1940 exempting from the provisions of section 22 (d) of the act the proposed offering of indentures of trust, Plan C of Commonwealth Fund Indenture of Trust, Plans C and D ("Commonwealth") otherwise than at a current public offering price described in the prospectus. Commonwealth is a diversified open-end management company registered under the Investment Company Act of 1940. Its principal underwriter is Trusteed Funds, Inc. ("Trusteed"), a Massachusetts corporation, with offices at 33 State Street, Boston, Massachusetts.

The public offering price of the indentures of trust, Plan C of Commonwealth is the sum of the net asset value of such shares and a sales load which varies according to the amount invested. The sales load is 8.1178 percent of the net asset value (7½ percent of the offering price) except where the initial amount sold is $25,000 or more, said sales load then being reduced to 4.1714 percent of the net asset value (4 percent of the offering price). Such securities are presently sold in units of either $1,000 or any higher sum that is a multiple of $500.

Trusteed now proposes to permit past purchasers of indentures of trust, Plan C to purchase additional and new Plan C holdings in multiples of not less than $100. The sales load for the additional purchases is to be 8.1178 percent of the net asset value (7½ percent of the offering price), except in those instances where the initial purchase or the aggregate holdings at the time of the purchase of additional indentures of trust, Plan C is $25,000 or more, the sales load then to be only 4.1714 per cent of the net asset value (4 percent of the offering price).

For additional details on the matters of fact and law involved, all interested persons are referred to the application, and to the registration statements of Commonwealth on file in the office of the Commission in Washington, D. C.

Notice is further given that an order granting appropriate relief from the provisions of section 22 (d) of the Investment Company Act of 1940, upon such conditions as the Commission may deem necessary or appropriate, may be issued by the Commission at any time on or after October 22, 1952, unless a hearing upon the application is ordered by the Commission as provided in Rule N-5 of the rules and regulations promulgated under the act. Any interested person may, not later than October 21, 1952, at 5:30 p. m., submit to the Commission in writing his views or any additional facts bearing upon this application or the desirability of a hearing thereon. Any such communication or request should be addressed: Secretary, Securities and Exchange Commission, 425 Second Street NW., Washington 25, D. C., and should state briefly the nature of the interest of the person submitting such information or requesting a hearing, the reasons for such request, and the issues of fact or law raised by the application which he desires to controvert.

By the Commission.

[SEAL] ORVAL L. DUBOIS, *Secretary.*

[F. R. Doc. 52-10924; Filed, Oct. 8, 1952; 8:47 a. m.]

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# ECONOMIC STABILIZATION AGENCY

## Office of Price Stabilization

[Ceiling Price Regulation 34, as amended, Section 20 (c), Special Order 15]

PEOPLES GAS LIGHT AND COKE CO.

PRICES FOR COLLECTION AGENCY SERVICES SUPPLIED

*Statement of considerations.* The ceiling price for collection agency services supplied to The Peoples Gas Light and Coke Company, 122 South Michigan Avenue, Chicago 3, Illinois, by its collection agents is adjusted by this Special Order pursuant to section 20 (c) of Ceiling Price Regulation 34, as amended.

This section authorizes the Director of Price Stabilization to adjust ceiling prices of sellers of an essential non-retail service as to which there is a limited supply available. In order to obtain an adjustment under this section, the buyer must demonstrate that he is purchasing an essential non-retail service as to which there is a limited supply available from sellers thereof who are too numerous to make recourse by them to section 20 (b) of Ceiling Price Regulation 34, as amended, practicable. The purchaser must further demonstrate that these sellers are threatening to discontinue supplying him with such service, and in addition, the applicant must agree to absorb any price increase over his sellers' existing ceiling prices, and must so state in his application. The buyer may not apply for or obtain an increase in his suppliers' ceiling prices for the service supplied to him, which would bring the proposed increased ceiling prices in excess of the price he would be required to pay to other suppliers of the same service. The buyer's application must also show the nature and extent of the sellers' direct labor and material cost increases incurred by them since their ceiling prices for that service were established. These cost increases will be considered by the Office of Price Stabilization in determining the amount of price increase which may be granted. Where practicable the purchaser must state the names and addresses of the sellers and the ceiling prices of each seller.

It appears from information submitted in the application that applicant maintains arrangements for the collection of gas bill payments with numerous neighborhood merchants and businesses. The Director of Price Stabilization has determined that the supply of such service is limited; that the increased ceiling prices for collection agency service will not exceed the prevailing prices at which the applicant could purchase the same service; that the applicant's suppliers are threatening to discontinue supplying such service because their ceiling prices are below prevailing rates; that the applicant has agreed to absorb any price increases and will not pass on such increases in the form of increased prices to others; and that the sellers of collection agency service to the applicant are too numerous to make recourse to paragraph 20 (b) of Ceiling Price Regulation 34 practicable. The increased ceiling prices reflect the direct labor and material cost increases incurred by these sellers since their ceiling prices for the service were established, and such increases will not be inconsistent with the purposes of the Defense Production Act of 1950, as amended.

*Special provisions.* For the reasons set forth in the statement of considerations and pursuant to section 20 (c) of Ceiling Price Regulation 34, as amended, this Special Order is hereby issued.

1. The application of The Peoples Gas Light and Coke Company, 122 South Michigan Avenue, Chicago 3, Illinois (hereinafter referred to as The Company) for an adjustment of the ceiling prices which sellers may charge applicant for collection agency service is granted as follows:

On and after the effective date of this Special Order, the ceiling price for collection agency service to The Company by the firms listed below shall be as follows:

$0.04 per bill payment handled to and including 400 such payments per month.
$0.03 per bill payment handled for all over 400 per month.
Minimum compensation—$5.00 per month.

A & G Hardware, 412 East One Hundred and Third Street, Chicago 28, Ill.

A. & J. Sales & Service, 6241–43 South Western Avenue, Chicago 36, Ill.

Addison Hardware, 6121 West Addison Street, Chicago 34, Ill.

Aldens Irving Park, Inc., 3601 West Irving Park Road, Chicago 18, Ill.

Allied Savings & Loan Association, 7119 West Grand Avenue, Chicago 35, Ill.

Allied Tire & Battery Co., 610 West Thirty-fifth Street, Chicago 16, Ill.

Al's Department Store, 2060 North Damen Avenue, Chicago 47, Ill.

Ambrosia Pharmacy, 2256 West Twenty-fourth Street, Chicago 8, Ill.

American Appliance Stores, 1445 West Seventy-ninth Street, Chicago 20, Ill.

Amity Federal Savings & Loan Association, 6910 South Halsted Street, Chicago 21, Ill.

S. B. Andersen, 2831 West Armitage Avenue, Chicago 47, Ill.

Aranoff Hardware Co. 8235 South Cottage Grove Avenue, Chicago 19, Ill.

Archer Best Paint & Hardware Stores, 5034 South Archer Avenue, Chicago 32, Ill.

Armitage Dry Goods, 2153 West Armitage Avenue, Chicago 47, Ill.

I. Aron Hardware, 3816 West Lawrence Avenue, Chicago 25, Ill.

Atkins Department Store, 5539 Belmont Avenue, Chicago 41, Ill.

B. & B. Department Store, 3532 West North Avenue, Chicago 47, Ill.

B-L Radio & Appliance, 540 West One Hundred and Third Street, Chicago 28, Ill.

B V L Sales & Service, 3002 West Diversey Avenue, Chicago 47, Ill.

Barnes' Hardware, 4322 Fullerton Avenue, Chicago 39, Ill.

Baskind Radio & Jewelry Store, 4009 West North Avenue, Chicago 39, Ill.

Berg's Hardware, 2709 Peterson Avenue, Chicago 45, Ill.

Berger's Hardware, 2331–33 West Chicago Avenue, Chicago 22, Ill.

P. A. Bergner & Co., 5704 West Chicago Avenue, Chicago 51, Ill.

Berman's Hardware Store, 1638 West Sixty-third Street, Chicago 36, Ill.

Berman's, 7949–51 South Ashland Avenue, Chicago 20, Ill.

Berman's, 1741–43 North Harlem Avenue, Chicago 35, Ill.

Berny-Herms, 2722 West North Avenue, Chicago 47, Ill.

F. M. Bialon, 6189 West Archer Avenue, Chicago 38, Ill.

Alfred Block, 1900 North Halsted Street, Chicago 14, Ill.

J. Bloch Hardware, 500 West Wisconsin Street, Chicago 14, Ill.

Block Hardware Co., 2500 East Seventy-fifth Street, Chicago 49, Ill.

Nellie L. Bloomfield d. b. a. A. A. Bloomfield, 2310 North Lincoln Avenue, Chicago 14, Ill.

Brandt's Gift Shop, 4644 North Rockwell Street, Chicago 25, Ill.

B. Brongiel, 916 North Kildare Avenue, Chicago 51, Ill.

Bryn Mawr Fair, 3309 West Bryn Mawr Avenue, Chicago 45, Ill.

Bunes Department Stores, Inc., 1751–59 West Thirty-fifth Street, Chicago 9, Ill.

Burdahl Drugs, Inc., 3700 West Armitage Avenue, Chicago 47, Ill.

Burlingame's Appliance Co., 5425 North Clark St., Chicago 40, Ill.

Bush Furniture Co., 8437 South Burley Avenue, Chicago 17, Ill.

C. R. Auto Store, 549 West Thirty-first Street, Chicago 16, Ill.

California Hardware, 816 South California Avenue, Chicago 12, Ill.

Cappot Furniture Shops, 5212–14 West Chicago Avenue, Chicago 51, Ill.

Carlson Hardware, 2255 West Foster Avenue, Chicago 25, Ill.

Carroll Hardware, 8926 South Loomis Street, Chicago 20, Ill.

Casimer Television & Appliance Inc., 1049 North Ashland Avenue, Chicago 22, Ill.

Chambers Radio & Appliance Co., 3546 North Ashland Avenue, Chicago 13, Ill.

Chelten Radio & Appliances, 10534 South Torrence Avenue, Chicago 17, Ill.

Chicago Avenue Leader Store, 1535–39 West Chicago Avenue, Chicago 22, Ill.

City Furniture Co., 9133–35 South Commercial Avenue, Chicago 17, Ill.

City Wide Radio & Appliance, 7445 South Cottage Grove Avenue, Chicago 19, Ill.

Clark's Paint & Hardware, 5214 West North Avenue, Chicago 39, Ill.

Columbia Electric Shop, 524 East Seventy-ninth Street, Chicago 19, Ill.

Conrad Hardware & Electric Co., 2913 North Cicero Avenue, Chicago 41, Ill.

Cook's Hardware, 2342 North Clark Street, Chicago 14, Ill.

Cragin Department Store, 5018 West Armitage Avenue, Chicago 39, Ill.

Crawford Hardware Co., 4247 West Roosevelt Road, Chicago 24, Ill.

Crown Department Store, 5839 South Wentworth Avenue, Chicago 21, Ill.

Crown Hardware & Paints, 6831 South Stoney Island Avenue, Chicago 49, Ill.

Czer Hardware, 2552 West Fifty-ninth Street, Chicago 29, Ill.

Damen Hardware & Paints, 5343 South Damen Avenue, Chicago 9, Ill.

Darvin Furniture & Appliance Co., 619 West One Hundred and Twentieth Street, Chicago 28, Ill.

Diversey Hardware & Electrical Supplies, 5648 West Diversey Avenue, Chicago 39, Ill.

Dix Hardware, 7835 South Halsted Street, Chicago 20, Ill.

Dixon Brothers, Inc., 3140–42 West Sixty-third Street, Chicago 29, Ill.

Dombo's Hardware, 434 West One Hundred and Fifteenth Street, Chicago 28, Ill.

Robert F. Drews Co., 4134–36 Armitage Avenue, Chicago 39, Ill.

Economy Hardware & Paints, 637 North Cicero Avenue, Chicago 44, Ill.

Edgebrook Drugs, 5432 West Devon Avenue, Chicago 30, Ill.

Edward's Electric, 3452 West Sixty-third Street, Chicago 29, Ill.

The 18th Street Leader Department Store, 1700–08 West Eighteenth Street, Chicago 8, Ill.

Electric Appliance Mart, 1547 East Fifty-third Street, Chicago 15, Ill.

Epstein Drugs, 4459 West Diversey Avenue, Chicago 39, Ill.

F & R Hardware, 4459 West Harrison Street, Chicago 24, Ill.

Farley's Department Store, 2002 West Thirty-fifth Street, Chicago 9, Ill.

Fein Appliance, 1001 East Forty-seventh Street, Chicago 15, Ill.

Samuel H. Feldman, 3222 West Division Street, Chicago 51, Ill.

Ferino's Hardware, 7045 West Addison Street, Chicago 34, Ill.

Fifth Avenue Pharmacy, 3466 West Fifth Avenue, Chicago 24, Ill.

The First National Bank of Chicago, 38 South Dearborn Street, Chicago 3, Ill.

Frank's Hardware & Paint Store, 554 East Seventy-first Street, Chicago 19, Ill.

Gams Hardware Store, 4888 South Archer Avenue, Chicago 32, Ill.

Gardiner's Hardware, 13709 South Leyden Avenue, Chicago 27, Ill.

Garro and Son, 2929 West Harrison Street, Chicago 12, Ill.

General Radio & Appliance Store, 6562–64 Sheridan Road, Chicago 40, Ill.

General Radio Service Co., 3952 West Cermak Road, Chicago 23, Ill.

Glaser's Radio & Furniture Co., 5115–23 South Kedzie Avenue, Chicago 32, Ill.

Griffith's Hardware, 7131 West Belmont Avenue, Chicago 34, Ill.

Grovehill Hardware, 3455 West Fifty-ninth Street, Chicago 29, Ill.

Haas Radio & Appliance, 2545 West Sixty-third Street, Chicago 29, Ill.

Ray Haas Hardware, 3611 Narragansett Avenue, Chicago 34, Ill.

The Harlan Co., 1022–24 East Forty-third Street, Chicago 15, Ill.

Harvey Drugs, Inc., 2201 North Halsted Street, Chicago 14, Ill.

C. L. Herrmann Hardware, 6844–48 West North Avenue, Chicago 35, Ill.

Herst's Department Store, Inc., 4051–61 North Lincoln Avenue, Chicago 18, Ill.

Hilltop Television Furniture & Appliances, Inc., 3050 West One Hundred and Eleventh Street, Chicago 43, Ill.

John Hoferle & Son, 5073–75 North Lincoln Avenue, Chicago 25, Ill.

Hoff Radio, 11107 South Western Avenue, Chicago 43, Ill.

Hoffings Department Store, 2049 West Roscoe Street, Chicago 18, Ill.

Elsie D. Hoffman, d. b. a. Charles R. Hoffman, 4345 North Lincoln Avenue, Chicago 18, Ill.

The Home Store, 11808 South Michigan Avenue, Chicago 28, Ill.

Horwitz Hardware & Furniture, 5620 West Sixty-third Street, Chicago 38, Ill.

Ideal Electric Co., 8607 South Ashland Avenue, Chicago 20, Ill.

Ideal Housewares, 2201–03 East Seventy-first Street, Chicago 49, Ill.

J & J Furniture and Appliances, Inc., 5558 West North Avenue, Chicago 39, Ill.

Jack's Hardware, 5417 West Addison Street, Chicago 41, Ill.

Jarvis Hardware, 1544 Jarvis Avenue, Chicago 26, Ill.

Joe's Hardware, 4732 South Pulaski Road, Chicago 32, Ill.

Juiris Hardware & Paint Store, 2308 North Cicero Avenue, Chicago 39, Ill.

Kaden Dept. Store, 1942 West Monterey Avenue, Chicago 43, Ill.

Louis Katz, 3556 West Sixteenth Street, Chicago 23, Ill.

Kenmac Radio Center, Inc., 6348 North Western Avenue, Chicago 45, Ill.

Kenwood 5¢ to $1.00 Store, Inc., 402–04 East Sixty-first Street, Chicago 37, Ill.

Keystone Dept. Store, 4352 North Keystone Avenue, Chicago 41, Ill.

King's Hardware, 6133 Northwest Highway, Chicago 31, Ill.

King's Radio & Jewelry Co., 306 East Fifty-first Street, Chicago 15, Ill.

Klaus Department Store, Inc., 2861 North Milwaukee Avenue, Chicago 18, Ill.

F. J. Kleisner & Co., 2848 West Fifty-ninth St., Chicago 29, Ill.

Frank Kostka Real Estate, 3859 West Twenty-sixth Street, Chicago 23, Ill.

Kostner Pharmacy, 4363 West Armitage Avenue, Chicago 39, Ill.

Kremar Dry Goods, 1215 West Eighteenth Street, Chicago 8, Ill.

Kremin Appliance Outlet, 5915 South Halsted Street, Chicago 21, Ill.

LaMont Paint & Hardware, 454 East Eighty-third Street, Chicago 19, Ill.

LaRocca Drugs, 3501 West Chicago Avenue, Chicago 51, Ill.

Latshaw's Pharmacy, 1537 West Roosevelt Road, Chicago 8, Ill.

Leslie's Department Store, 3525–29 West Armitage Avenue, Chicago 47, Ill.

Lester's Novelty Shop, 3621 West Lawrence Avenue, Chicago 25, Ill.

A. Levine & Son Hardware, 6910 South Wentworth Avenue, Chicago 21, Ill.

Lind Hardware & Supply Co., Inc., 5211–15 North Clark Street, Chicago 40, Ill.

Logan Hardware & Paint Co., 2408–10 Fullerton Avenue, Chicago 47, Ill.

Louis Variety Store, 7206 Greenwood Avenue, Chicago 19, Ill.

Lubar Pharmacy, 2000 West Addison Street, Chicago 18, Ill.

H. Lustig Department Store, 5651–53 West Irving Park Road, Chicago 34, Ill.

Madigan Brothers, Inc., 4030 West Madison Street, Chicago 24, Ill.
Manor Drugs, 2500 West Montrose Avenue, Chicago 18, Ill.
The Marshall Drug Co., 1070 Berwyn Avenue, Chicago 40, Ill.
O. R. Martin Co., 826 West Belmont Avenue, Chicago 14, Ill.
Matthias & Co., 1412 West Van Buren Street, Chicago 7, Ill.
Mesirow Drug Store, Inc., 3341 West Roosevelt Road, Chicago 24, Ill.
B. Michelson's Furniture & Clothing House, 4237-43 South Indiana Avenue, Chicago 15, Ill.
Miller's Dept. Store, 3819-21 West Fullerton Avenue, Chicago 47, Ill.
P. J. Morreale Co., 3742 West Chicago Avenue, Chicago 51, Ill.
The New Kedzie Department Store, 3153 West Cermak Road, Chicago 23, Ill.
Ogden-Polk Pharmacy, 2064 West Ogden Avenue, Chicago 12, Ill.
Omans & Schultz, 1400 West Fifty-first Street, Chicago 9, Ill.
Osten-Miller Co., 1001 West Armitage Avenue, Chicago 14, Ill.
Ovitz Hardware, 1100 West Fifty-first Street, Chicago 9, Ill.
Packard Radio & Electronics Co., 5139 North Damen Avenue, Chicago 25, Ill.
B. Pankauski, 2021 South Canalport Avenue, Chicago 16, Ill.
Paradise Gift Shop, 1423 Wilson Avenue, Chicago 40, Ill.
Paradise Gift Shop, 2040 West Division Street, Chicago 22, Ill.
Patek's General Store, 2700 West Twenty-fifth Street, Chicago 8, Ill.
Stefania Pawlowicz, d. b. a Joseph Pawlowicz, 2032 West Eighteenth Street, Chicago 8, Ill.
Pendola Pharmacy, 5201 West Addison Street, Chicago 41, Ill.
Petersen Furniture Co., 1048 West Belmont Avenue, Chicago 13, Ill.
Petersen Furniture Co., 6534 South Halsted Street, Chicago 21, Ill.
Petersen Furniture Co., 4139-41 West North Avenue, Chicago 39, Ill.
Plunkett-Rogers Co., 5655-57 West Madison Street, Chicago 44, Ill.
L. Porges, 1327 East Fifty-fifth Street, Chicago 21, Ill.
Progress Furniture Co., Inc., 3222-26 South Halsted Street, Chicago 8, Ill.
Public Service Stores, 1324 East Sixty-third East Street, Chicago 37, Ill.
Rabin Drugs, 7460 West Addison Street, Chicago 34, Ill.
Rabin Drugs, 6000 West Belmont Avenue, Chicago 34, Ill.
Rajski Dry Goods, 2119-21 North Leavitt Street, Chicago 39, Ill.
Joseph Rak, 5142 West Fullerton Avenue, Chicago 39, Ill.
Rice's Ladies' & Children's Wear, 178 North Cicero Avenue, Chicago 44, Ill.
Ridgemoor Pharmacy, 6200 West Montrose Avenue, Chicago 34, Ill.
Charles Ringer Co., 7915 Exchange Avenue, Chicago 17, Ill.
Rosen's Pharmacy, 1400 South Kedzie Avenue, Chicago 23, Ill.
Rosen's Pharmacy, 3867 West Grand Avenue, Chicago 51, Ill.
Rosewood Hardware, 1830 West Montrose Avenue, Chicago 13, Ill.
Royal Card & Gift Shop, 4344 West Sixty-third Street, Chicago 29, Ill.
Savitz Radio & Music Shop, 2611 West Division Street, Chicago 22, Ill.
Helen Scarlata, 480 West Twenty-sixth Street, Chicago 16, Ill.
Schimek's Royal Blue Store, 1910 South Carpenter Street, Chicago 8, Ill.
A. Schlesinger, Inc., d/b/a/ A. Schlesinger TV & Appliance, 3136 North Lincoln Avenue, Chicago 13, Ill.
Schmit-Kane Co., 5834-38 North Clark Street, Chicago 26 Ill.
Schuemann Brothers, 2247 West Devon Avenue, Chicago 45, Ill.
Schultz Hardware & Paints, 7016 Higgins Road, Chicago 31, Ill.
Schwartz Pharmacy, 2558 West Chicago Avenue, Chicago 22, Ill.
Segreti and Pandola Pharmacy, 3511 West Harrison Street, Chicago 24, Ill.
Shop & Save Meat Markets, Inc., 1122 West Thorndale Avenue, Chicago 40, Ill.
I. Siegel, 3942 West School Street, Chicago 18, Ill.
Sima Pharmacy, 6734 West Belmont Avenue, Chicago 34, Ill.
Sineni Bros., 9006 South Cottage Grove Avenue, Chicago 19, Ill.
Sixty-Third & Crawford, Savings & Loan Association, 3940 West Sixty-third Street, Chicago 29, Ill.
A. J. Smith Federal Savings & Loan Association, 12000 South Halsted Street, Chicago 28, Ill.
Fred B. Snite Furniture Co., 4732-34 North Lincoln Avenue, Chicago 25, Ill.
South Center Department Store, 421 East Forty-seventh Street, Chicago 15, Ill.
Southmoor Hardware, 1528 East Sixty-seventh Street, Chicago 37, Ill.
Southwest Hardware & Appliance Co., 6908 West Archer Avenue, Chicago 38, Ill.
Spaulding Department Store, Inc., 3301-09 West Montrose Avenue, Chicago 18, Ill.
Stanley Electric-Appliance Center, 5201-05 Milwaukee Avenue, Chicago 30, Ill.
Stearn's Pharmacy, 2525 West North Avenue, Chicago 47, Ill.
Stearn's Pharmacy, 3201 West Irving Park Road, Chicago 18, Ill.
Superior Hardware Supply, 4619 North Kedzie Avenue, Chicago 25, Ill.
Tad's Dry Goods and Men's Wear, 3747-49 North Southport Avenue, Chicago 13, Ill.
Taxey's Montrose Hardware, 3753 W. Montrose Avenue, Chicago 18, Ill.
Terry's Drugs, Inc., 4129 North Sheridan Road, Chicago 13, Ill.
Alvin A. Thomaszewski, d. b. a. Stefan S. Tomaszewski, 2203 West Twenty-first Street, Chicago 8, Ill.
Triangle Pharmacy, 2385 North Milwaukee Avenue, Chicago 47, Ill.
Tripp Appliances, 4234 West Twenty-sixth Street, Chicago 23, Ill.
Turek's Radio Sales and Service, 5754 Milwaukee Avenue, Chicago 30, Ill.
The 12th Street Store, Roosevelt Road and Halsted Street, Chicago 8, Ill.
Van Dyke's Department Store, 5902 West Roosevelt Road, Chicago 50, Ill.
Vidibor's Pharmacy, 958 North Damen Avenue, Chicago 22, Ill.
Vincennes Hardware & Paint Supply Co., 7455 Vincennes Avenue, Chicago 21, Ill.
J. Vodrazka and Son, 3359 West Twenty-sixth Street, Chicago 23, Ill.
Wahler Bros. Best Hardware, 2603 North Halsted Street, Chicago 14, Ill.
H. S. Walsh Television & Appliances, 7004-06 North Western Avenue, Chicago 45, Ill.
Weller's Department Store, 3221 South Morgan Street, Chicago 8, Ill.
Wentworth Department Store, 4320 South Wentworth Avenue, Chicago 9, Ill.
West End Hardware and Paint Store, 5931 West Lawrence Avenue, Chicago 30, Ill.
White City Hardware, 718 East Sixty-third Street, Chicago 37, Ill.
Wigdahl Electric Co., 4242 Milwaukee Avenue, Chicago 41, Ill.
Winsberg's Department Store, Inc., 6201 North Clark Street, Chicago 26, Ill.
Ken Winslow's, 5421 South Kedzie Avenue, Chicago 32, Ill.
Wolf Furniture House, Inc., 4211-13 South Archer Avenue, Chicago 32, Ill.
Wolke and Kotler, 4811 North Milwaukee Avenue, Chicago 30, Ill.
H. C. Woolley & Co., 2937-45 South Archer Avenue, Chicago 8, Ill.
Zimmermann Hardware, 5365 West North Avenue, Chicago 39, Ill.
Zwick's Hardware, 3312½ West Foster Avenue, Chicago 25, Ill.

2. The Company may pay to the sellers listed above the increased price determined under paragraph 1 of this Special Order provided that it shall absorb the increase over the former ceiling price and shall not pass on such increase in rates in the form of increased prices to others.

3. Copies of this order shall be provided by The Company to the firms listed above. A copy of this order shall be kept at the place of business of each of these firms and another copy shall be filed by each seller of collection agency service with the appropriate District Office of the Office of Price Stabilization with which each of the firms has filed or is required to file a statement of its ceiling prices under section 18 of Ceiling Price Regulation 34.

4. All requests in the application of The Company not granted herein are denied.

5. All provisions of Ceiling Price Regulation 34, as amended, except as changed by the pricing provisions of this Special Order shall remain in effect.

6. This Special Order or any provisions thereof may be revoked, suspended or amended by the Director of Price Stabilization at any time.

*Effective date.* This order shall become effective October 4, 1952.

TIGHE E. WOODS,
*Director of Price Stabilization.*

OCTOBER 3, 1952.

[F. R. Doc. 52-10886; Filed, Oct. 3, 1952; 12:03 p. m.]

## INTERSTATE COMMERCE COMMISSION

[4th Sec. Application 27442]

SCRAP RUBBER FROM NEW ORLEANS, LA., TO BARBERTON, OHIO

APPLICATION FOR RELIEF

OCTOBER 6, 1952.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: F. C. Kratzmeir, Agent, for carriers parties to Agent W. P. Emerson, Jr.'s tariff I. C. C. No. 378, pursuant to fourth-section order No. 16101.

Commodities involved: Scrap rubber, viz: tires or tubes, old, worn out, or similar old worn out rubber articles, carloads.

From: New Orleans, La.

To: Barberton, Ohio.

Grounds for relief: Competition with rail carriers, circuitous routes, and operation through higher-rated territory.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed

to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL] GEORGE W. LAIRD, *Acting Secretary.*

[F. R. Doc. 52-10938; Filed, Oct. 8, 1952; 8:47 a. m.]

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[4th Sec. Application 27443]

PREFABRICATED OR PORTABLE HOUSES FROM BATON ROUGE, LA. TO MICHIGAN AND OHIO

APPLICATION FOR RELIEF

OCTOBER 6, 1952.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: F. C. Kratzmeir, Agent, for carriers parties to Agent W. P. Emerson, Jr.'s tariff I. C. C. No. 378, pursuant to fourth-section order No. 16101.

Commodities involved: Houses or garages, wooden, prefabricated or portable, carloads.

From: Baton Rouge, La.

To: Points in Michigan and Ohio.

Grounds for relief: Competition with rail carriers, circuitous routes, and operation through higher-rated territory.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL] GEORGE W. LAIRD, *Acting Secretary.*

[F. R. Doc. 52-10942; Filed, Oct. 8, 1952; 8:48 a. m.]

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[4th Sec. Application 27444]

FERTILIZER FROM MOREHEAD CITY, N. C., TO SOUTHERN TERRITORY

APPLICATION FOR RELIEF

OCTOBER 6, 1952.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: R. E. Boyle, Jr., Agent, for carriers parties to Agent C. A. Spaninger's tariff I. C. C. No. 1316.

Commodities involved: Fertilizer materials and urea, carloads.

From: Morehead City, N. C. (applicable on import and intercoastal traffic).

To: Points in southern territory.

Grounds for relief: Competition with rail carriers, circuitous routes, and to maintain grouping.

Schedules filed containing proposed rates: C. A. Spaninger, Agent, I. C. C. No. 1316, Supp. 1.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL] GEORGE W. LAIRD, *Acting Secretary.*

[F. R. Doc. 52-10941; Filed, Oct. 8, 1952; 8:47 a. m.]

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[4th Sec. Application 27445]

RUBBER FROM TEXAS AND LOUISIANA TO DUNKIRK, N. Y.

APPLICATION FOR RELIEF

OCTOBER 6, 1952.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: F. C. Kratzmeir, Agent, for carriers parties to his tariffs I. C. C. Nos. 3967 and 3906.

Commodities involved: Rubber, artificial, synthetic or neoprene, carloads.

From: Points in Texas and Louisiana.

To: Dunkirk, N. Y.

Grounds for relief: Competition with rail carriers ,circuitous routes, and to apply rates constructed on the basis of the short line distance formula.

Schedules filed containing proposed rates: F. C. Kratzmeir, Agent, I. C. C. No. 3967, Supp. 163; F. C. Kratzmeir, Agent, I. C. C. No. 3906, Supp. 145.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL] GEORGE W. LAIRD, *Acting Secretary.*

[F. R. Doc. 52-10939; Filed, Oct. 8, 1952; 8:47 a. m.]

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[4th Sec. Application 27446]

SUPERPHOSPHATE FROM THE SOUTHWEST TO HUTCHINSON, TOPEKA, AND JUNCTION CITY, KANS.

APPLICATION FOR RELIEF

OCTOBER 6, 1952.

The Commission is in receipt of the above-entitled and numbered application for relief from the long-and-short-haul provision of section 4 (1) of the Interstate Commerce Act.

Filed by: F. C. Kratzmeir, Agent, for carriers parties to schedules listed below.

Commodities involved: Superphosphate (acid phosphate), other than ammoniated, carloads.

From: Specified points in the Southwest.

To: Hutchinson, Topeka, and Junction City, Kans.

Grounds for relief: Competition with rail carriers, circuitous routes, and to apply rates constructed on the basis of the short line distance formula.

Schedules filed containing proposed rates: F. C. Kratzmeir, Agent, I. C. C. No. 3919, Supp. 125; F. C. Kratzmeir, Agent, I. C. C. No. 3908, Supp. 121; F. C. Kratzmeir, Agent, I. C. C. No. 3967, Supp. 164; F. C. Kratzmeir, Agent, I. C. C. No. 3906, Supp. 146.

Any interested person desiring the Commission to hold a hearing upon such application shall request the Commission in writing so to do within 15 days from the date of this notice. As provided by the general rules of practice of the Commission, Rule 73, persons other than applicants should fairly disclose their interest, and the position they intend to take at the hearing with respect to the application. Otherwise the Commission, in its discretion, may proceed to investigate and determine the matters involved in such application without further or formal hearing. If because of an emergency a grant of temporary relief is found to be necessary before the expiration of the 15-day period, a hearing, upon a request filed within that period, may be held subsequently.

By the Commission, Division 2.

[SEAL] GEORGE W. LAIRD, *Acting Secretary.*

[F. R. Doc. 52-10940; Filed, Oct. 8, 1952; 8:47 a. m.]