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STABILIZATION OPERATIONS BY THE FUND

SEC. 13. (a) The governor and executive director of the Fund appointed by the United States are hereby directed to obtain promptly an official interpretation by the Fund as to whether its authority to use its resources extends beyond current monetary stabilization operations to afford temporary assistance to members in connection with seasonal, cyclical, and emergency fluctuations in the balance of payments of any member for current transactions, and whether it has authority to use its resources to provide facilities for relief, reconstruction, or armaments, or to meet a large or sustained outflow of capital on the part of any member.

(b) If the interpretation by the Fund answers in the affirmative any of the questions stated in subsection (a), the governor of the Fund representing the United States is hereby directed to propose promptly and support an amendment to the Articles of Agreement for the purpose of expressly negativing such interpretation. The President is hereby authorized and directed to accept an amendment to that effect on behalf of the United States.

FURTHER PROMOTION OF INTERNATIONAL ECONOMIC RELATIONS

Declaration of U. S. policy.

SEC. 14. In the realization that additional measures of international economic cooperation are necessary to facilitate the expansion and balanced growth of international trade and render most effective the operations of the Fund and the Bank, it is hereby declared to be the policy of the United States to seek to bring about further agreement and cooperation among nations and international bodies, as soon as possible, on ways and means which will best reduce obstacles to and restrictions upon international trade, eliminate unfair trade practices, promote mutually advantageous commercial relations, and otherwise facilitate the expansion and balanced growth of international trade and promote the stability of international economic relations. In considering the policies of the United States in foreign lending and the policies of the Fund and the Bank, particularly in conducting exchange transactions, the Council and the United States representatives on the Fund and the Bank shall give careful consideration to the progress which has been made in achieving such agreement and cooperation.

Approved July 31, 1945.

[CHAPTER 340]

AN ACT

To facilitate reconversion, and for other purposes.

July 31, 1945
[H. R. 3633]
[Public Law 172]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Tax Adjustment Act of 1945".

Tax Adjustment Act of 1945.

SEC. 2. INCREASE IN EXCESS-PROFITS TAX SPECIFIC EXEMPTION.

54 Stat. 975.
26 U. S. C., Supp. IV, § 710 (b) (1).
Post, p. 571.

(a) IN GENERAL.—Section 710 (b) (1) of the Internal Revenue Code is amended to read as follows:

"(1) SPECIFIC EXEMPTION.—A specific exemption of $25,000, except that in the case of a taxable year beginning in 1945 and ending in 1946, the specific exemption shall be an amount equal to the sum of (A) an amount which bears the same relation to $10,000 which the number of days in such taxable year prior to January 1, 1946, bears to the total number of days in such taxable year and (B) an amount which bears the same relation to $25,000

which the number of days in such taxable year after December 31, 1945, bears to the total number of days in such taxable year; and in the case of a mutual insurance company (other than life or marine) which is an interinsurer or reciprocal underwriter, a specific exemption of $50,000;"

54 Stat. 989. 26 U. S. C., Supp. IV, § 729 (b) (2).

(b) RETURN REQUIREMENT.—Section 729 (b) (2) of the Internal Revenue Code is amended by striking out "$10,000 or, in the case of a mutual insurance company (other than life or marine) which is an interinsurer or reciprocal underwriter, is not greater than $50,000" and inserting in lieu thereof "the specific exemption provided in section 710 (b) (1)".

Ante, p. 517; *post*, p. 571. 53 Stat. 58. 26 U. S. C., Supp. IV, § 141 (c).

(c) CONSOLIDATED RETURNS.—Section 141 (c) of the Internal Revenue Code is amended by striking out "of $10,000" and inserting in lieu thereof "as".

(d) TAXABLE YEARS TO WHICH APPLICABLE.—The amendments made by this section shall be applicable to taxable years beginning after December 31, 1945, and to taxable years beginning in 1945 and ending in 1946.

SEC. 3. CHANGES IN PROVISIONS RELATING TO POSTWAR REFUND OF EXCESS-PROFITS TAX.

56 Stat. 936. 26 U. S. C., Supp. IV, § 780 (a).

(a) The first sentence of section 780 (a) of the Internal Revenue Code is amended by striking out the words "the date of cessation of hostilities in the present war" and substituting in lieu thereof the following: "December 31, 1943".

56 Stat. 936. 26 U. S. C., Supp. IV, § 780 (b).

(b) Section 780 (b) of the Internal Revenue Code is amended by striking out the words "three months before the date of maturity of bonds for such year under subsection (c)" and inserting in lieu thereof the following: "July 1, 1945".

56 Stat. 937. 26 U. S. C., Supp. IV, § 780 (c).

(c) Section 780 (c) of the Internal Revenue Code is amended (1) by inserting in the last sentence after the words "to which this section applies" the following: "shall be payable at the option of the owner on or after January 1, 1946, and", and (2) by striking out the last two lines from the table at the end thereof.

56 Stat. 937. 26 U. S. C., Supp. IV, § 781 (a).

(d) Section 781 (a) of the Internal Revenue Code is amended by striking out the words "three months before the date of maturity of the bonds for such year" and inserting in lieu thereof the following: "July 1, 1945".

58 Stat. 59. 26 U. S. C., Supp. IV, § 781 (b).

(e) The last sentence of section 781 (b) of the Internal Revenue Code is amended by striking out the words "the time of the maturity of bonds issued with respect to such taxable year" and substituting in lieu thereof the following: "January 1, 1946".

56 Stat. 938. 26 U. S. C., Supp. IV, § 781 (c).

(f) Section 781 (c) of the Internal Revenue Code is amended to read as follows:

Supra.

"(c) TAX PAYMENTS AFTER CUT-OFF DATE.—In the case of a payment of the tax imposed by this subchapter shown on the return for any taxable year for which a credit is provided in section 780 (a), or the payment of a deficiency in respect of such tax for any such taxable year, on or after July 1, 1945, the amount of the credit under section 780 (a) for such taxable year attributable to such payment shall be paid the taxpayer in cash. No interest for the period after December 31, 1945, shall be assessed or collected on that portion of the tax or deficiency so paid equal to the credit under section 780 (a) attributable to such payment. If after January 1, 1946, there is any credit under section 780 (a) remaining in favor of the taxpayer attributable to any taxable year for which a credit is provided in section 780 (a), such remainder shall be paid to the taxpayer in cash. No amount of any payment made under this subsection to a taxpayer shall be included in gross income."

(g) Section 783 of the Internal Revenue Code is amended by inserting at the end thereof the following new subsection: 56 Stat. 938. 26 U. S. C., Supp. IV, § 783.

"(e) TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1943.—The provisions of this section shall not apply to taxable years beginning after December 31, 1943."

(h) Subchapter E of Chapter 2 of the Internal Revenue Code is amended by adding at the end thereof the following new section: 54 Stat. 975. 26 U. S. C. §§ 710-752; Supp. IV, §§ 710-783.

"SEC. 784. TEN PER CENTUM CREDIT AGAINST EXCESS PROFITS TAX. *Post*, p. 568.

"(a) ALLOWANCE.—Against the tax imposed by this subchapter for any taxable year beginning after December 31, 1943, there shall be allowed as a credit an amount equal to 10 per centum of such tax.

"(b) SPECIAL INTEREST PROVISION.—No interest shall be allowed or paid upon any overpayment of tax resulting from the application of subsection (a) to a taxable year ending before December 31, 1945, unless, in the return made for such taxable year, the taxpayer claims a credit under such subsection."

SEC. 4. EXTENSIONS OF TIME FOR PAYMENT OF TAXES BY CORPORATIONS EXPECTING CARRY-BACKS, AND TENTATIVE CARRY-BACK ADJUSTMENTS.

(a) Chapter 37 of the Internal Revenue Code is amended by adding at the end thereof the following new sections: 53 Stat. 464. 26 U. S. C. §§ 3770-3778; Supp. IV, §§ 3770-3772. *Post*, pp. 523, 525, 574.

"SEC. 3779. EXTENSIONS OF TIME FOR PAYMENT OF TAXES BY CORPORATIONS EXPECTING CARRY-BACKS.

"(a) IN GENERAL.—If a corporation, in any taxable year ending on or after September 30, 1945, files with the collector a statement, as provided in subsection (b), with respect to an expected net operating loss carry-back or unused excess profits credit carry-back from such taxable year, the time for payment of all or part of any tax imposed by chapter 1 or 2 for the taxable year immediately preceding such taxable year shall be extended, to the extent and subject to the conditions and limitations hereinafter provided in this section.

"(b) CONTENTS OF STATEMENT.—The statement with respect to an expected carry-back referred to in subsection (a) of this section shall be sworn to in the manner prescribed by section 52 in the case of a return and shall be filed at such time and in such manner and form as the Commissioner, with the approval of the Secretary, may by regulations prescribe. Such statement shall set forth that the corporation expects to have a net operating loss carry-back, as provided in section 122 (b), or an unused excess profits credit carry-back, as provided in section 710 (c) (3), from the taxable year in which such statement is made, and shall set forth, in such detail and with such supporting data and explanation as such regulations shall require— 53 Stat. 27. 26 U. S. C. § 52. 53 Stat. 867. 26 U. S. C. § 122 (b); Supp. IV, § 122 (b). 56 Stat. 900. 26 U. S. C., Supp. IV, § 710 (c) (3).

"(1) the estimated amount of the expected net operating loss or unused excess profits credit;

"(2) the reasons, facts, and circumstances which cause the corporation to expect such net operating loss or unused excess profits credit;

"(3) the amount of the reduction, attributable to the expected carry-back, in the aggregate of the taxes previously determined for all taxable years affected by the carry-back prior to the taxable year of the expected loss or unused credit; such taxes previously determined being ascertained in accordance with the method prescribed in section 3801 (d); and such reduction being determined by applying the expected carry-back in the manner provided by law to the items on the basis of which such taxes were determined 53 Stat. 473. 26 U. S. C., Supp. IV, § 3801 (d).

56 Stat. 936.
26 U. S. C., Supp. IV, § 780.
Ante, p. 518.

but such reduction being decreased by the amount of any credits under section 780 properly allocable to such reduction;

"(4) the tax or taxes and the amount thereof the time for payment of which is to be extended; and

"(5) such other information for the purpose of carrying out the provisions of this section as may be required by such regulations.

The collector shall, upon request, furnish a receipt for any statement filed, which shall set forth the date of such filing.

"(c) AMOUNT TO WHICH EXTENSION RELATES AND INSTALLMENT PAYMENTS.—The amount the time for payment of which may be extended under subsection (a) with respect to any tax shall not exceed the amount of such tax shown on the return, increased by any amount assessed as a deficiency (or as interest or additions to the tax) prior to the date of filing the statement and decreased by any amount paid or required to be paid prior to the date of such filing, and the total amount of the taxes the time for payment of which may be extended shall not exceed the amount stated under clause (3) of subsection (b). For the purposes of this subsection, an amount shall not be considered as required to be paid unless shown on the return or assessed as a deficiency (or as interest or addition to the tax), and an amount assessed as a deficiency (or as interest or additions to the tax) shall be considered to be required to be paid prior to the date of filing of the statement if the tenth day after notice and demand for its payment occurs prior to such date. If an extension of time under this section relates to only a part of a tax, the time for payment of the remainder shall be considered to be the dates on which payments would have been required if such remainder had been the tax and the taxpayer had elected to pay the tax in four equal instalments as provided in section 56 (b).

53 Stat. 31.
26 U. S. C., Supp. IV, § 56 (b).

"(d) PERIOD OF EXTENSION.—The extension of time for payment provided in this section shall expire—

"(1) on the last day of the month in which falls the last date prescribed by law (including any extension of time granted the taxpayer) for the filing of the return for the taxable year of the expected net operating loss or unused excess profits credit, or

Post, p. 521.

"(2) if an application for tentative carry-back adjustment provided in section 3780 with respect to such loss or unused credit is filed before the expiration of the period prescribed in clause (1), on the date on which notice is mailed by registered mail by the Commissioner to the taxpayer that such application is allowed or disallowed in whole or in part.

"(e) REVISED STATEMENTS.—Each statement filed under subsection (a) with respect to any taxable year shall be in lieu of the last statement previously filed with respect to such year. If the amount the time for payment of which is extended under a statement filed is less than the amount under the last statement previously filed the extension of time shall be terminated as to the difference between the two amounts.

"(f) TERMINATION BY COMMISSIONER.—The Commissioner is not required to make any examination of the statement, but he may make such examination thereof as he deems necessary and practicable. The Commissioner shall terminate the extension as to any part of the amount to which it relates which he deems should be terminated because, upon such examination, he believes that, as of the time such examination is made, all or any part of the statement clearly is in a material respect erroneous or unreasonable.

"(g) PAYMENTS ON TERMINATION.—If an extension of time is terminated under subsection (e) or (f) with respect to any amount, then—

"(1) no further extension of time shall be made under this section with respect to such amount, and

"(2) the time for payment of such amount shall be considered to be the dates on which payments would have been required if there had been no extension with respect to such amount and the taxpayer had elected to pay the tax in four equal instalments as provided in section 56 (b).

53 Stat. 31.
26 U. S. C., Supp. IV, § 56 (b).

"(h) JEOPARDY.—If the Commissioner believes that collection of the amount to which an extension under this section relates is in jeopardy, he shall immediately terminate such extension and notice and demand shall be made by the collector for payment of such amount.

"(i) INTEREST.—In the case of an amount the time for payment of which has been extended, there shall be collected as part of such amount interest from the dates on which payments would have been required if there had been no extension and the taxpayer had elected to pay the tax in four equal instalments as provided in section 56 (b)—

53 Stat. 31.
26 U. S. C., Supp. IV, § 56 (b).

"(1) upon so much of such amount as is satisfied under section 3780 (b) by applying or crediting thereto, within the period of extension, a decrease in tax determined in connection with an application under section 3780 (a), interest at the rate of 3 per centum per annum to the date of such satisfaction, except that on so much of such satisfied amount as is not in excess of the amount of the deficiencies assessed under section 3780 (b) and which is not so satisfied, the rate shall be 6 per centum per annum; and

Post, p. 522.

"(2) upon the remainder of the amount the time for payment of which has been extended, interest at the rate of 6 per centum per annum to the date such amount is paid.

If the Commissioner determines that during the period of extension credit or refund of an overpayment has been allowed or made, or a deficiency assessed, affecting the amount to which the extension relates and that the taxpayer could not have taken such overpayment or deficiency into account in the statement or a revised statement, appropriate adjustment shall be made in the interest.

"SEC. 3780. TENTATIVE CARRY-BACK ADJUSTMENTS.

"(a) APPLICATION FOR ADJUSTMENT.—A taxpayer may file an application for a tentative carry-back adjustment of the taxes for prior taxable years affected by a net operating loss carry-back, provided in section 122 (b), or an unused excess profits credit carry-back, provided in section 710 (c) (3), from any taxable year ending on or after September 30, 1945. The application shall be verified in the manner prescribed by section 51 or section 52 in the case of a return of such taxpayer, and shall be filed, on or after the date of filing of the return for the taxable year of the net operating loss or unused excess profits credit from which the carry-back results and within a period of twelve months from the end of such taxable year, in the manner and form required by regulations prescribed by the Commissioner with the approval of the Secretary. The application shall set forth, in such detail and with such supporting data and explanation as such regulations shall require—

53 Stat. 867.
26 U. S. C., Supp. IV, § 122 (b).
56 Stat. 900.
26 U. S. C., Supp. IV, § 710 (c) (3).
53 Stat. 27.
26 U. S. C. §§ 51, 52; Supp. IV, §§ 51, 52.

"(1) the amount of the net operating loss or unused excess profits credit;

"(2) the amount of the tax previously determined for each prior taxable year affected by such carry-back; the tax previously determined being ascertained in accordance with the method prescribed in section 3801 (d);

53 Stat. 473.
26 U. S. C., Supp. IV, § 3801 (d).

"(3) the amount of increase or decrease in each such tax, attributable to such carry-back; such increase or decrease being

determined by applying the carry-back in the manner provided by law to the items on the basis of which such taxes were determined. If an application under section 124 (j) for tentative adjustment of tax with respect to amortization has been previously filed but such adjustment has not been previously determined, then for the purposes of this section the assessments, applications, credits, and refunds provided for in section 124 (k) shall be considered as having previously been made upon the basis of such application under section 124 (j);

Post, p. 525.

Post, p. 526.

"(4) the amount by which the aggregate of such decreases exceeds the aggregate of such increases;

"(5) the unpaid amount of each such tax, not including any amount required to be shown under paragraph (6);

"(6) the amount, with respect to each tax for the taxable year immediately preceding the taxable year of such loss or unused credit, as to which an extension of time for payment under section 3779 is in effect; and

Ante, p. 519.

"(7) such other information for the purposes of carrying out the provisions of this section as may be required by such regulations.

An application under this subsection shall not constitute a claim for credit or refund.

"(b) ALLOWANCE OF ADJUSTMENTS.—Within a period of ninety days from the date on which an application for a tentative carry-back adjustment is filed under subsection (a), or from the last day of the month in which falls the last date prescribed by law (including any extension of time granted the taxpayer) for filing the return for the taxable year of the net operating loss or unused excess profits credit from which such carry-back results, whichever is the later, the Commissioner shall make, to the extent he deems practicable in such period, a limited examination of the application, to discover omissions and errors of computation therein, and shall determine the amount of the increase or decrease in each tax attributable to such carry-back upon the basis of the application and the examination, except that the Commissioner may disallow, without further action, any application which he finds contains errors of computation which he deems cannot be corrected by him within such ninety-day period or material omissions. Each such increase shall be deemed determined as a deficiency and shall be assessed, without regard to the restrictions on assessment in section 272. Each such decrease shall be applied against any unpaid amount of the tax decreased (including any amount of such tax as to which an extension of time under section 3779 is in effect) and any remainder shall be credited—

53 Stat. 82.
26 U. S. C. § 272; Supp. IV, § 272.
Post, p. 673.
Ante, p. 519.

"(1) against the deficiencies (and additions to the tax) assessed under this subsection,

"(2) against any unsatisfied amount of any tax for the taxable year immediately preceding the taxable year of the net operating loss or unused excess profits credit the time for payment of which tax is extended under section 3779, and

any remainder shall, within such ninety-day period, be either credited against any income, war profits, or excess profits tax or instalment thereof then due from the taxpayer, or refunded to the taxpayer. The application, credit or refund of a decrease determined under this subsection shall be deemed a credit or refund of an overpayment within the meaning of sections 781 (b) and 3807 (b) (1).

56 Stat. 937; 58 Stat. 75.
26 U. S. C., Supp. IV, §§ 781 (b), 3807 (b) (1).
Ante, p. 518.

"(c) ASSESSMENT OF ERRONEOUS ALLOWANCES.—If the Commissioner determines that the amount applied, credited or refunded under subsection (b) is in excess of the overassessment attributable to the carry-back with respect to which such amount was applied, credited

or refunded, he may assess the amount of the excess as a deficiency as if it were due to a mathematical error appearing on the face of the return, as provided in section 272 (f). Upon making such assessment, the Commissioner shall schedule as an overassessment the decrease in any other tax resulting from the adjustments reflected in the computation of the deficiency.

53 Stat. 83.
26 U. S. C. § 272 (f).

"SEC. 3781. EXTENSION OF TIME AND TENTATIVE CARRY-BACK AND AMORTIZATION ADJUSTMENTS IN THE CASE OF CONSOLIDATED RETURNS.

"If the corporation seeking an extension of time under section 3779, a tentative carry-back adjustment under section 3780, or a tentative adjustment with respect to an amortization deduction under section 124 (j) and (k), made or was required to make a consolidated return, either for the taxable year within which the net operating loss or the unused excess profits credit arises or within which the election is made to terminate the amortization period, or for a preceding taxable year affected by such loss, credit, or election, the provisions of such sections shall apply only to such extent and subject to such conditions, limitations, and exceptions as the Commissioner, with the approval of the Secretary, may by regulations prescribe."

Ante, pp. 519, 521.

Post, pp.525, 526.

(b) Section 294 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

53 Stat. 88.
26 U. S. C. § 294; Supp. IV, § 294.

"(e) SUBSTANTIAL OVERSTATEMENT OF EXPECTED CARRY-BACKS.—If the time for payment of any tax or taxes for any taxable year is extended under section 3779, there shall be added to such tax or taxes an amount equal to 5 per centum of the penalty portion, if any, of the amount to which such extension relates, unless the taxpayer establishes to the satisfaction of the Commissioner that, as of the end of the taxable year in which such extension was made, there was reasonable cause to expect there would be no such penalty portion. The penalty portion shall be the excess of the amount to which such extension relates which is not paid by the end of the taxable year in which such extension is made over 125 per centum of the amount to which such extension relates which is satisfied by applying thereto a decrease in tax in respect of an application under section 3780 (a) less any amounts assessed in respect of such application which are not so satisfied."

Ante, p. 519.

Ante, p. 521.

(c) Section 3777 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

53 Stat. 466.
26 U. S. C. § 3777.
Post, p. 574.

"(c) TENTATIVE CARRY-BACK ADJUSTMENTS.—Any credit or refund allowed or made under section 3780 (b) shall be made without regard to the provisions of subsection (a). In any such case, if the credit or refund, reduced by any deficiency in such tax thereafter assessed and by deficiencies in any other tax resulting from adjustments reflected in the determination of the credit or refund, is in excess of $75,000, there shall be submitted to such committee a report containing the matter specified in subsection (a) at such time after the making of the credit or refund as the Commissioner shall determine the correct amount of the tax."

Ante, p. 522.

SEC. 5. PERIOD OF LIMITATION IN CASE OF CARRY-BACKS.

(a) Section 322 (b) (5) of the Internal Revenue Code is amended by striking the words "or of a carry-back" where they appear in subparagraph (B) thereof, and by striking the last sentence and inserting in lieu thereof the following: "If the claim for credit or refund relates to an overpayment on account of the effect that the deductibility of such a debt or loss has on the application to the taxpayer of a carry-back, the period shall be either seven years from the date prescribed by law for filing the return for the year of the net operating loss or

56 Stat. 877.
26 U. S. C., Supp. IV, § 322 (b) (5).

the unused excess profits credit which results in such carry-back or the period prescribed in paragraph (6), whichever expires the later. In the case of a claim described in this paragraph, the amount of the credit or refund may exceed the portion of the tax paid within the period prescribed in paragraph (2) or (3), whichever is applicable, to the extent of the amount of the overpayment attributable to the deductibility of items described in this paragraph."

53 Stat. 91.
26 U. S. C. § 322 (b); Supp. IV, § 322 (b).
Ante, p. 523.
Post, p. 569.

(b) Section 322 (b) of the Internal Revenue Code is amended by inserting immediately following paragraph (5) the following new paragraph:

"(6) SPECIAL PERIOD OF LIMITATION WITH RESPECT TO NET OPERATING LOSS CARRY-BACKS AND UNUSED EXCESS PROFITS CREDIT CARRY-BACKS.—If the claim for credit or refund relates to an overpayment attributable to a net operating loss carry-back or to an unused excess profits credit carry-back, in lieu of the three-year period of limitation prescribed in paragraph (1), the period shall be that period which ends with the expiration of the three-year period prescribed in paragraph (1) or the period prescribed in paragraph (3), whichever expires later, within which claim for credit or refund may be filed with respect to the taxable year of the net operating loss or the unused excess profits credit which results in such carry-back. In the case of such a claim, the amount of the credit or refund may exceed the portion of the tax paid within the period provided in paragraph (2) or (3), whichever is applicable, to the extent of the amount of the overpayment attributable to such carry-back."

53 Stat. 92.
26 U. S. C., Supp. IV, § 322 (d).

(c) Section 322 (d) of the Internal Revenue Code is amended by striking the period at the end thereof and inserting in lieu thereof the following: "; or (3), if such portion was not paid within the period described in clause (1), but the notice of deficiency was mailed within the period prescribed in subsection (b) (6) for the filing of a claim for credit or refund of an overpayment attributable to a carry-back, or such a claim was filed, that such portion does not exceed the amount of the overpayment attributable to a carry-back".

Supra.

53 Stat. 91.
26 U. S. C. § 322; Supp. IV, § 322.
Ante, p. 523; *supra*; *post*, pp. 569, 673.

(d) Section 322 of the Internal Revenue Code is amended by inserting immediately following subsection (f) the following new subsection:

"(g) OVERPAYMENTS ATTRIBUTABLE TO NET OPERATING LOSS CARRY-BACKS AND UNUSED EXCESS PROFITS CREDIT CARRY-BACKS.—If the allowance of a credit or refund of an overpayment of tax attributable to a net operating loss carry-back or to an unused excess profits credit carry-back is otherwise prevented by the operation of any law or rule of law other than section 3761, relating to compromises, such credit or refund may be allowed or made, if claim therefor is filed within the period provided in subsection (b) (6). If the allowance of an application, credit or refund of a decrease in tax determined under section 3780 (b) is otherwise prevented by the operation of any law or rule of law other than section 3761, such application, credit or refund may be allowed or made if application for a tentative carry-back adjustment is made within the period provided in section 3780 (a). In the case of any such claim for credit or refund or any such application for a tentative carry-back adjustment, the determination by any court, including The Tax Court of the United States, in any proceeding in which the decision of the court has become final, shall be conclusive except with respect to the net operating loss deduction and the unused excess profits credit adjustment, and the effect of such deduction or adjustment, to the extent that such deduction or adjustment is affected by a carry-back which was not in issue in such proceeding."

53 Stat. 462.
26 U. S. C. § 3761.

Ante, p. 522.

Ante, p. 521.

(e) Section 276 of the Internal Revenue Code is amended by inserting immediately following subsection (c) the following new subsection: 53 Stat. 87. 26 U. S. C. § 276. *Post*, p. 569.

"(d) NET OPERATING LOSS CARRY-BACKS AND UNUSED EXCESS PROFITS CREDIT CARRY-BACKS.—A deficiency attributable to the application to the taxpayer of a net operating loss carry-back or an unused excess profits credit carry-back, including deficiencies which may be assessed pursuant to the provisions of section 3780 (b) and (c), may be assessed at any time prior to the expiration of the period within which a deficiency may be assessed with respect to the taxable year of the claimed net operating loss or unused excess profits credit resulting in such carry-back." *Ante*, p. 522.

(f) EFFECTIVE DATE.—The amendments made by this section shall be applicable with respect to all taxable years beginning after December 31, 1940, except that the amendment made by subsection (d) shall not be applicable to any taxable year with respect to which the taxpayer and the Commissioner have entered into a closing agreement under the provisions of section 3760, prior to the date of enactment of this Act, in any case in which it is expressly provided in such closing agreement that the tax liability for such taxable year is not to be affected by a net operating loss carry-back or by an unused excess profits credit carry-back. 53 Stat. 462. 26 U. S. C. § 3760.

SEC. 6. INTEREST IN CONNECTION WITH CARRY-BACKS.

(a) Section 292 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection: 53 Stat. 88. 26 U. S. C., Supp. IV, § 292.

"(c) DEFICIENCY RESULTING FROM CARRY-BACK AND RELATED MATTERS.—If any part of a deficiency is determined by the Commissioner to be attributable (A) to a carry-back to which an overpayment described in section 3771 (e), or a decrease determined under section 3780 (b), in any other tax is attributable, or (B) to an error in the amount or effect of a carry-back which resulted in a credit or refund of an overpayment with interest computed pursuant to section 3771 (e), or in a decrease determined under section 3780 (b), no interest shall be assessed or paid under subsection (a) with respect to such part of the deficiency for any period during which interest was not allowed with respect to such overpayment or for a period prior to the application of such decrease." 56 Stat. 848. 26 U. S. C., Supp. IV, § 3771 (e). *Infra*. *Ante*, p. 522.

(b) Section 3771 (e) of the Internal Revenue Code is amended by substituting a semicolon for the period at the end thereof and adding the following: "nor for any period beginning with the date of filing of an application under section 3780 (a) relating to such part of the overpayment and ending with the last date the Commissioner's determination is required to be made under section 3780 (b); nor, in case an application is made under section 3780 (a), for any period before the first day of the month immediately following the month in which falls the last date prescribed by law (including any extension of time granted the taxpayer) for filing the return for the taxable year of the net operating loss or unused excess profits credit, or before the date on which the return is filed, whichever is later." 56 Stat. 848. 26 U. S. C., Supp. IV, § 3771 (e). *Ante*, p. 521.

SEC. 7. TENTATIVE ADJUSTMENTS WITH RESPECT TO AMORTIZATION DEDUCTIONS.

Section 124 of the Internal Revenue Code is amended by inserting at the end thereof the following new subsections: 54 Stat. 998. 26 U. S. C. § 124; Supp. IV, § 124.

"(j) APPLICATION FOR TENTATIVE ADJUSTMENT.—Any taxpayer who has filed a statement of election as prescribed in paragraph (4) of subsection (d) may, within ninety days from the date such statement is filed, or within ninety days from the date of enactment of this Act, whichever is the later, file an application for tentative adjustment

with respect to the taxes for taxable years prior to the taxable year in which such application is filed which are to be computed as required by paragraph (4) of subsection (d) as the result of such election. Such application shall be verified in the manner prescribed by section 51 or section 52 in the case of a return of such taxpayer and shall be made in such manner and form as shall be required by regulations prescribed by the Commissioner with the approval of the Secretary, and shall set forth, in such detail and with such supporting data and explanation as such regulations shall require, the recomputation of such taxes required by paragraph (4) of subsection (d) except that the tax for each taxable year to be recomputed shall be the tax for such year previously determined, ascertained in accordance with the method prescribed in section 3801 (d). If an application under section 3780 (a) for tentative carry-back adjustment has been previously filed, but such adjustment has not been previously determined, then for the purpose of subsection (j) and (k), the assessments, applications, credits, and refunds provided in section 3780 (b) shall be considered as having been previously made upon the basis of such application under section 3780 (a). Such recomputation of tax shall be made on the basis of the items on the basis of which the tax to be recomputed was determined. Such application shall also set forth the unpaid amount of each tax recomputed and such other information for the purpose of carrying out the provisions of subsections (j) and (k) as may be required by such regulations. An application under this subsection shall not constitute a claim for credit or refund.

53 Stat. 27. 26 U. S. C. §§ 51, 52; Supp. IV, §§ 51, 52.

53 Stat. 473. 26 U. S. C., Supp. IV, § 3801 (d). *Ante*, p. 521.

Ante, p. 522.

"(k) ALLOWANCE OF ADJUSTMENT.—Within a period of ninety days from the filing of an application under subsection (j), the Commissioner shall make, to the extent he deems practical in such period, a limited examination of the application for omissions and errors of computation, and shall determine the amount of the increase or decrease in each tax to which such application relates, on the basis of the application and the examination, except that the Commissioner may disallow, without further action, any application which he finds contains material omissions, or errors of computation which he deems cannot be corrected by him within such ninety-day period. Each increase shall be deemed determined as a deficiency and assessed, without regard to the restrictions on assessment in section 272. Each decrease shall be applied against any unpaid amount of the tax decreased, and any remainder shall be credited against the deficiencies (and interest or additions to the tax) assessed under this subsection, and any remainder shall, within such ninety-day period, be either credited against any other income, war profits, or excess profits tax, or instalment thereof, due from the taxpayer, or refunded to the taxpayer. The application, credit, or refund of a decrease determined under this subsection shall be deemed a credit or refund of an overpayment within the meaning of section 781 (b)."

Ante, p. 525.

53 Stat. 82. 26 U. S. C. § 272; Supp. IV, § 272. *Post*, p. 673.

56 Stat. 937. 26 U. S. C., Supp. IV, § 781 (b). *Ante*, p. 518.

Approved July 31, 1945.

[CHAPTER 341]

AN ACT

July 31, 1945 [H. R. 3771] [Public Law 173]

To provide for increasing the lending authority of the Export-Import Bank of Washington, and for other purposes.

Short title.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Export-Import Bank Act of 1945".

Export-Import Bank of Washington. *Post*, p. 666.

SEC. 2. (a) The Export-Import Bank of Washington, District of Columbia, a banking corporation organized under the laws of the District of Columbia as an agency of the United States, is continued