Public Law 796 CHAPTER 725

July 25, 1956
[H. R. 5265]

AN ACT

To exempt certain additional foreign travel from the tax on the transportation of persons.

Taxes.
Foreign transportation exemption.
68A Stat. 506.
26 USC 4261.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsections (a) and (b) of section 4261 of the Internal Revenue Code of 1954 (relating to the tax on transportation of persons) are amended to read as follows:

"(a) AMOUNTS PAID WITHIN THE UNITED STATES.—There is hereby imposed upon the amount paid within the United States for taxable transportation (as defined in section 4262) of any person by rail, motor vehicle, water, or air a tax equal to 10 percent of the amount so paid.

68A Stat. 506.
26 USC 4262.

"(b) AMOUNTS PAID OUTSIDE THE UNITED STATES.—There is hereby imposed upon the amount paid without the United States for taxable transportation (as defined in section 4262) of any person by rail, motor vehicle, water, or air, but only if such transportation begins and ends in the United States, a tax equal to 10 percent of the amount so paid."

SEC. 2. Section 4262 of the Internal Revenue Code of 1954 (relating to exemptions from tax on transportation of persons) is amended by striking out subsection (a) and by redesignating subsections (b), (c), (d), (e), and (f) as subsections (a), (b), (c), (d), and (e), respectively. Such section, as so amended, is renumbered as section 4263.

Ante, p. 395.

Section 6421 (d) (2) of such Code (relating to definition of "tax-exempt passenger fare revenue") is amended by striking out "4262 (b)" and inserting in lieu thereof "4263 (a)".

68A Stat. 506.
26 USC 4261.

SEC. 3. Part I of subchapter C of chapter 33 of the Internal Revenue Code of 1954 is amended by inserting after section 4261 the following new section:

"SEC. 4262. DEFINITION OF TAXABLE TRANSPORTATION.

"(a) TAXABLE TRANSPORTATION; IN GENERAL.—For purposes of this part, except as provided in subsection (b), the term 'taxable transportation' means—

"(1) transportation which begins in the United States or in the 225-mile zone and ends in the United States or in the 225-mile zone; and

"(2) in the case of transportation other than transportation described in paragraph (1), that portion of such transportation which is directly or indirectly from one port or station in the United States to another port or station in the United States.

"(b) EXCLUSION OF CERTAIN TRAVEL.—For purposes of this part, the term 'taxable transportation' does not include that portion of any transportation which meets all 4 of the following requirements:

"(1) such portion is outside the United States;

"(2) neither such portion nor any segment thereof is directly or indirectly—

"(A) between (i) a point where the route of the transportation leaves or enters the continental United States, or (ii) a port or station in the 225-mile zone, and

"(B) a port or station in the 225-mile zone;

"(3) such portion—

"(A) begins at either (i) the point where the route of the transportation leaves the United States, or (ii) a port or station in the 225-mile zone, and

"(B) ends at either (i) the point where the route of the transportation enters the United States, or (ii) a port or station in the 225-mile zone; and

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"(4) a direct line from the point (or the port or station) specified in paragraph (3) (A), to the point (or the port or station) specified in paragraph (3) (B), passes through or over a point which is not within 225 miles of the United States.

"(c) DEFINITIONS.—For purposes of this section—

"(1) CONTINENTAL UNITED STATES.—The term 'continental United States' means the existing 48 States and the District of Columbia.

"(2) 225-MILE ZONE.—The term '225-mile zone' means that portion of Canada and Mexico which is not more than 225 miles from the nearest point in the continental United States."

SEC. 4. (a) Part I of subchapter C of chapter 33 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new section:

"SEC. 4264. SPECIAL RULES.

"(a) PAYMENTS MADE OUTSIDE THE UNITED STATES FOR PREPAID ORDERS.—If the payment upon which tax is imposed by section 4261 is made outside the United States for a prepaid order, exchange order, or similar order, the person furnishing the initial transportation pursuant to such order shall collect the amount of the tax.

"(b) TAX DEDUCTED UPON REFUNDS.—Every person who refunds any amount with respect to a ticket or order which was purchased without payment of the tax imposed by section 4261, shall deduct from the amount refundable, to the extent available, any tax due under such section as a result of the use of a portion of the transportation purchased in connection with such ticket or order, and shall report to the Secretary or his delegate the amount of any such tax remaining uncollected.

"(c) PAYMENT OF TAX.—Where any tax imposed by section 4261 is not paid at the time payment for transportation is made, then, under regulations prescribed by the Secretary or his delegate, to the extent that such tax is not collected under any other provision of this subchapter—

"(1) such tax shall be paid by the person paying for the transportation or by the person using the transportation;

"(2) such tax shall be paid within such time as the Secretary or his delegate shall prescribe by regulations after whichever of the following first occurs:

"(A) the rights to the transportation expire; or

"(B) the time when the transportation becomes subject to tax; and

"(3) payment of such tax shall be made to the person to whom the payment for transportation was made or to the Secretary or his delegate.

"(d) APPLICATION OF TAX.—The tax imposed by section 4261 shall apply to any amount paid within the United States for transportation of any person unless the taxpayer establishes, pursuant to regulations prescribed by the Secretary or his delegate, at the time of payment for the transportation, that the transportation is not transportation in respect of which tax is imposed by section 4261.

"(e) ROUND TRIPS.—In applying this part to a round trip, such round trip shall be considered to consist of transportation from the point of departure to the destination, and of separate transportation thereafter.

"(f) TRANSPORTATION OUTSIDE THE NORTHERN PORTION OF THE WESTERN HEMISPHERE.—In applying this part to transportation any part of which is outside the northern portion of the Western Hemisphere—

"(1) If the route of such transportation leaves and reenters the northern portion of the Western Hemisphere, such transportation shall be considered to consist of transportation to a point outside such northern portion, and of separate transportation thereafter.

"(2) If such transportation is transportation by water on a vessel which makes one or more intermediate stops at ports within the United States on a voyage which begins or ends in the United States and ends or begins outside the northern portion of the Western Hemisphere, a stop at an intermediate port within the United States at which such vessel is not authorized both to discharge and to take on passengers shall not be considered to be a stop at a port within the United States.

For purposes of this subsection, the term 'northern portion of the Western Hemisphere' means the area lying west of the 30th meridian west of Greenwich, east of the International Date Line, and north of the equator, but not including any country of South America."

68A Stat. 506. 26 USC 4261.

(b) Section 4261 (d) of the Internal Revenue Code of 1954 (relating to payment of tax imposed on transportation of persons) is amended by striking out "The" and inserting in lieu thereof "Except as provided in section 4264, the".

68A Stat. 511. 26 USC 4291.

(c) The first sentence of section 4291 of the Internal Revenue Code of 1954 (relating to cases where persons receiving payment must collect tax) is amended to read as follows: "Except as provided in section 4264 (a), every person receiving any payment for facilities or services on which a tax is imposed upon the payor thereof under this chapter shall collect the amount of the tax from the person making such payment."

SEC. 5. The table of sections for part I of subchapter C of chapter 33 of the Internal Revenue Code of 1954 is amended by striking out

68A Stat. 506.

"Sec. 4262. Exemptions."

and inserting in lieu thereof

"Sec. 4262. Definition of taxable transportation.
"Sec. 4263. Exemptions.
"Sec. 4264. Special rules."

Effective date.

SEC. 6. The amendments made by this Act shall apply to amounts paid on or after the first day of the first month which begins more than sixty days after the date of the enactment of this Act for transportation commencing on or after such first day.

Approved July 25, 1956.

Public Law 797 CHAPTER 726

July 25, 1956 [H. R. 2603]

AN ACT

To authorize the Commissioners of the District of Columbia to prescribe the area within which officers and members of the Metropolitan Police force and the Fire Department of the District of Columbia may reside.

D. C. Police and Firemen. Residence requirements.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) there shall be no limitation or restriction of place of residence of any officer or member of the Metropolitan Police force, or of the Fire Department of the District of Columbia other than residence within the Washington, District of Columbia, metropolitan district. For the purposes of this Act, "Washington, District of Columbia, metropolitan district" shall, except as otherwise provided in subsection (b) of this section, be held to include the District of Columbia and the territory adjacent thereto within a radius of twelve miles from the United States Capitol