Public Law 86-459

May 13, 1960
[H. R. 8684]

AN ACT

To provide transitional provisions for the income tax treatment of dealer reserve income.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

Dealer Reserve Income Adjustment Act of 1960.

This Act may be cited as the "Dealer Reserve Income Adjustment Act of 1960".

SEC. 2. PERSONS TO WHOM THIS ACT APPLIES.

This Act shall apply to any person who, for his most recent taxable year ending on or before June 22, 1959—

(1) computed, or was required to compute, taxable income under an accrual method of accounting,

(2) treated any dealer reserve income, which should have been taken into account (under the accrual method of accounting) for such taxable year, as accruable for a subsequent taxable year, and

(3) before September 1, 1960, makes an election under section 3(a) or 4(a) of this Act.

SEC. 3. ELECTION TO HAVE SECTION 481 APPLY.

(a) GENERAL RULE.—If—

(1) for the year of the change (determined under subsection (b)), the treatment of dealer reserve income by any person to whom this Act applies is changed to a method proper under the accrual method of accounting (whether or not such person initiated the change),

(2) such person makes an election under this subsection, and

(3) such person does not make the election provided by section 4(a),

68A Stat. 160.
26 USC 481.

then, for purposes of section 481 of the Internal Revenue Code of 1954, the change described in paragraph (1) shall be treated as a change in method of accounting not initiated by the taxpayer.

(b) YEAR OF CHANGE, ETC.—In applying section 481 of the Internal Revenue Code of 1954 for purposes of this section, the "year of the change" in the case of any person is—

(1) except as provided in paragraph (2), the first taxable year ending after June 22, 1959, or

(2) the earliest taxable year (whether the Internal Revenue Code of 1954 or the Internal Revenue Code of 1939 applies to such year) for which—

(A) on or before June 22, 1959—

(i) the Secretary of the Treasury or his delegate issued a notice of deficiency, or a written notice of a proposed deficiency, with respect to dealer reserve income, or

(ii) such person filed with the Secretary or his delegate a claim for refund or credit with respect to dealer reserve income, and

(B) the assessment of any deficiency, or the refund or credit of any overpayment, whichever is applicable, was not, on June 21, 1959, prevented by the operation of any law or rule of law.

For purposes of this section, section 481 of such Code shall be treated as applying to any year of the change to which the Internal Revenue Code of 1939 applies.

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SEC. 4. ELECTION TO HAVE SECTION 481 NOT APPLY; PAYMENT IN INSTALLMENTS.

(a) GENERAL RULE.—If a person to whom this Act applies makes an election under this subsection, then for purposes of chapter 1 of the Internal Revenue Code of 1954 (and the corresponding provisions of prior law) a change in the treatment of dealer reserve income to a method proper under the accrual method of accounting shall be treated as not a change in method of accounting in respect of which section 481 of the Internal Revenue Code of 1954 applies. Any election under this subsection shall apply to all taxable years ending on or before June 22, 1959 (whether the provisions of the Internal Revenue Code of 1954 or the corresponding provisions of prior law apply), for which the assessment of any deficiency, or for which refund or credit of any overpayment, whichever is applicable, was not, on June 21, 1959, prevented by the operation of any law or rule of law.

68A Stat. 5.
26 USC 1 et seq.

26 USC 481.

(b) ELECTION TO PAY TAX IN INSTALLMENTS.—

(1) ELIGIBILITY.—If the net increase in tax (as defined in paragraph (2)) which results solely from the effect of the election provided by subsection (a) exceeds $2,500, then the taxpayer may elect (at the time the election is made under subsection (a)) to pay in two or more (but not to exceed 10) equal annual installments any portion of such net increase which (on the date of such election) is unpaid.

(2) NET INCREASE IN TAX DEFINED.—For purposes of this section, the term "net increase in tax" means the amount (if any) by which—

(A) the sum of the increases in tax (including interest) for all taxable years to which the election applies and which is attributable to the election, exceeds

(B) the sum of the decreases in tax (including interest) for all taxable years to which the election applies and which is attributable to the election.

For purposes of this paragraph, interest for the period before the date of the election shall be computed as provided in chapter 67 of the Internal Revenue Code of 1954 (or the corresponding provisions of prior revenue laws).

26 USC 6601, 6602.

(c) DUE DATE FOR INSTALLMENTS.—If an election is made under subsection (b), the first installment shall be paid on or before the date prescribed by section 6151(a) of the Internal Revenue Code of 1954 for payment of the tax for the taxable year in which the election was made, and each succeeding installment shall be paid on or before the date which is one year after the date prescribed by this subsection for payment of the preceding installment.

26 USC 6151.

(d) EFFECT OF SUBSEQUENT REDETERMINATION OF TAX.—

(1) REDETERMINATION.—If—

(A) the taxpayer makes an election under subsection (b), and

(B) there is a redetermination of the taxpayer's tax for any taxable year to which the election provided by subsection (a) applies,

then the net increase in tax (as defined in subsection (b)(2)) shall be redetermined.

(2) EFFECT OF INCREASE.—If the redetermination described in paragraph (1)(B) results in an increase in the net increase in tax (as defined in subsection (b)(2)), the resulting increase shall be prorated to all the installments. The part of such resulting increase so prorated to any installment the date for payment of which has not arrived shall be collected at the same time as, and as a part of, such installment. The part of such resulting increase

so prorated to any installment the date for payment of which has arrived shall be paid upon notice and demand from the Secretary of the Treasury or his delegate.

(3) EFFECT OF DECREASE.—

For treatment of a decrease in the net increase in tax as the result of a redetermination described in paragraph (1)(B), see section 6403 of the Internal Revenue Code of 1954 (relating to overpayment of installment).

26 USC 6403.

(e) SUSPENSION OF INTEREST.—

(1) IN GENERAL.—If an election under subsection (a) applies and there is a net increase in tax (as defined in subsection (b)(2)), no interest shall be imposed on any underpayment (and no interest shall be paid on any overpayment) attributable to such election for the period beginning on the date of such election and ending on the date prescribed by section 6151(a) of the Internal Revenue Code of 1954 for payment of the tax for the taxable year in which the election was made.

26 USC 6151.

(2) NO INTEREST DURING INSTALLMENT PERIOD.—If an election under subsection (b) applies, no interest shall be imposed for the period on or after the date fixed for payment of the first installment unless payment of unpaid installments is accelerated under subsection (f) or (g).

(3) INTEREST WHERE PAYMENT IS ACCELERATED.—If payment is accelerated under subsection (f) or (g), interest determined in accordance with the provisions of section 6601 of the Internal Revenue Code of 1954 on the entire unpaid tax shall be payable—

26 USC 6601.

(A) if payment is accelerated under subsection (f), from the date of notice and demand provided by such subsection to the date such tax is paid, or

(B) if payment is accelerated under subsection (g), from the date fixed for paying the unpaid installment to the date such tax is paid.

(f) TERMINATION OF INSTALLMENT PAYMENT PRIVILEGE.—The extension of time provided by this section for payment of tax shall cease to apply, and any unpaid installments shall be paid upon notice and demand from the Secretary of the Treasury or his delegate, if—

(1) in the case of a taxpayer who is an individual, he dies or ceases to engage in a trade or business,

(2) in the case of a taxpayer who is a partner, the entire interest of such partner is transferred or liquidated or the partnership terminates, or

(3) in the case of a taxpayer which is a corporation, the taxpayer ceases to engage in a trade or business, unless the unpaid portion of the tax payable in installments is required to be taken into account by the acquiring corporation under section 5(d).

(g) FAILURE TO PAY INSTALLMENT.—If any installment under this section is not paid on or before the date fixed for its payment by this section (including any extension of time for payment of such installment), the unpaid installments shall be paid upon notice and demand from the Secretary of the Treasury or his delegate.

(h) SUSPENSION OF RUNNING OF PERIODS OF LIMITATION.—The running of the periods of limitation provided by section 6502 of the Internal Revenue Code of 1954 (or corresponding provision of prior law) for the collection of any amount of tax payable in installments under this section shall be suspended for the period of any extension of time for payment granted under this section.

26 USC 6502.

SEC. 5. DEFINITIONS; SPECIAL RULES.

(a) DEALER RESERVE INCOME.—For purposes of this Act, the term "dealer reserve income" means—

(1) that part of the consideration derived by any person from the sale or other disposition of customers' sales contracts, notes, and other evidences of indebtedness (or derived from customers' finance charges connected with such sales or other dispositions) which is—

(A) attributable to the sale by such person to such customers, in the ordinary course of his trade or business, of real property or tangible personal property, and

(B) held in a reserve account, by the financial institution to which such person disposed of such evidences of indebtedness, for the purpose of securing obligations of such person or of such customers, or both; and

(2) that part of the consideration—

(A) derived by any person from a sale described in paragraph (1)(A) in respect of which part or all of the purchase price of the property sold is provided by a financial institution to or for the customer to whom such property is sold, or

(B) derived by such person from finance charges connected with the financing of such sale,

which is held in a reserve account by such financial institution for the purpose of securing obligations of such person or of such customer, or both.

(b) FINANCIAL INSTITUTION.—For purposes of this Act, the term "financial institution" means any person regularly engaged in the business of acquiring evidences of indebtedness of the kind described in subsection (a)(1), or of financing sales of the kind described in subsection (a)(2), or both.

(c) OTHER TERMS; APPLICATION OF OTHER LAWS.—Except where otherwise distinctly expressed or manifestly intended, terms used in this Act shall have the same meaning as when used in the Internal Revenue Code of 1954 and all provisions of law shall apply with respect to this Act as if this Act were a part of such Code. 26 USC 1 *et seq.*

(d) ACQUIRING CORPORATION.—In the case of the acquisition of assets of a corporation by another corporation in a distribution or transfer described in section 381(a) of the Internal Revenue Code of 1954, the acquiring corporation shall, for purposes of this Act, be treated as if it were the distributor or transferor corporation. 26 USC 381.

(e) STATUTES OF LIMITATIONS.—

(1) EXTENSION OF PERIOD FOR ASSESSMENT AND REFUND OR CREDIT.—For purposes of applying sections 3 and 4 of this Act, if the assessment of any deficiency, or the refund or credit of any overpayment, for any taxable year was not prevented on June 21, 1959, by the operation of any law or rule of law, but would be so prevented prior to September 1, 1961, the period within which such assessment, or such refund or credit, may be made shall not expire prior to September 1, 1961. An election by a taxpayer under section 3 or 4 of this Act shall be considered as a consent to the application of the provisions of this subsection.

(2) YEARS CLOSED BY CLOSING AGREEMENT OR COMPROMISE.—For purposes of this Act, if the assessment of any deficiency, or the refund or credit of any overpayment, for any taxable year is prevented on the date of an election under section 3 or 4 of this Act by the operation of the provisions of chapter 74 of the Internal Revenue Code of 1954 (relating to closing agreements and com- 26 USC 7121-7123.

promises) or by the corresponding provisions of the Internal Revenue Code of 1939, such assessment, or such refund or credit, shall be considered as having been prevented on June 21, 1959.

Regulations.

(f) REGULATIONS.—The Secretary of the Treasury or his delegate shall prescribe such regulations as may be necessary to carry out the purposes of this Act, including regulations relating to—

(1) the application of the provisions of this Act in the case of partnerships, and

(2) the manner in which the elections provided by this Act are to be made.

Approved May 13, 1960.

Public Law 86-460

May 13, 1960
[H. R. 11415]

AN ACT

To provide for the designation of a portion of the District of Columbia as the "Plaza of the Americas".

"Plaza of the Americas."

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the portion of the District of Columbia located between Constitution Avenue and C Street, Northwest, and between Nineteenth and Seventeenth Streets, Northwest, is hereby designated as "Plaza of the Americas".

Approved May 13, 1960.

Public Law 86-461

May 13, 1960
[S. 2778]

AN ACT

To amend the Act relating to the Commission of Fine Arts.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act entitled "An Act Establishing a Commission of Fine Arts," as amended (40 U.S.C. 106), is amended to read as follows:

36 Stat. 371.

"SEC. 2. There are hereby authorized to be appropriated such amounts as may be necessary to carry out the provisions of this Act."

Approved May 13, 1960.

Public Law 86-462

May 13, 1960
[H. R. 10164]

AN ACT

To change the name of the locks and dam numbered 41 on the Ohio River at Louisville, Kentucky.

Ohio River.
McAlpine locks and dam.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the locks and dam numbered 41 at Louisville, Kentucky, on the Ohio River shall hereafter be known as McAlpine locks and dam, and any law, regulation, document, or record of the United States in which such locks and dam are designated or referred to shall be held to refer to such locks and dam under and by the name of McAlpine locks and dam.

Approved May 13, 1960.