Public Law 86-496

June 8, 1960
[H. R. 11405]

AN ACT

To provide for the treatment of income from discharge of indebtedness of a railroad corporation in a receivership proceeding or in a proceeding under section 77 of the Bankruptcy Act commenced before January 1, 1960, and for other purposes.

Taxes.
Railroad corporations.
68A Stat. 32.
26 USC 108.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 108(b) of the Internal Revenue Code of 1954 (relating to income of a railroad corporation from discharge of indebtedness) is hereby amended to read as follows:

"(b) RAILROAD CORPORATIONS.—No amount shall be included in gross income by reason of the discharge, cancellation, or modification, in whole or in part, within the taxable year, of any indebtedness of a railroad corporation, as defined in section 77(m) of the Bankruptcy Act (11 U.S.C. 205(m)), if such discharge, cancellation, or modification is effected pursuant to an order of a court—

47 Stat. 1481.

"(A) in a receivership proceeding, or

"(B) in a proceeding under section 77 of the Bankruptcy Act, commenced before January 1, 1960. In such cases, the amount of any income of the taxpayer attributable to any unamortized premium (computed as of the first day of the taxable year in which such discharge occurred) with respect to such indebtedness shall not be included in gross income, and the amount of the deduction attributable to any unamortized discount (computed as of the first day of the taxable year in which such discharge occurred) with respect to such indebtedness shall not be allowed as a deduction. Subsection (a) of this section shall not apply with respect to any discharge of indebtedness to which this subsection applies."

Applicability.

(b) The amendment made by subsection (a) shall apply to taxable years ending after December 31, 1959, but only with respect to discharges occurring after such date.

Deductibility of vacation pay.

SEC. 2. Section 97 of the Technical Amendments Act of 1958 (26 U.S.C., sec. 162 note; 72 Stat. 1672), relating to deductibility of accrued vacation pay, is amended by striking out "January 1, 1961," and inserting in lieu thereof "January 1, 1963,".

Approved June 8, 1960.

Public Law 86-497

June 8, 1960
[H. R. 10703]

AN ACT

To grant a waiver of national service life insurance premiums to certain veterans who became totally disabled in line of duty between the date of application and the effective date of their insurance.

Veterans.
Disability insurance waiver.
72 Stat. 1150.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 712 of title 38, United States Code, is amended by adding the following new subsection at the end thereof:

"(d) In any case in which an insured has been denied or would have been denied premium waiver under section 602(n) of the National Service Life Insurance Act of 1940 or this section solely because he became totally disabled between the date of valid application for insurance and the subsequent effective date thereof, and in which it is shown that (1) the total disability was incurred in line of duty between October 8, 1940, and July 31, 1946, inclusive, or June 27, 1950, and April 30, 1951, inclusive, and (2) the insured remained continuously so totally disabled to the date of death or the date of

54 Stat. 1011.

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