

at the time of his death, over the amount which is includible in gross income under subsection (b); and

“(ii) the last sentence of subsection (b) shall apply only to the extent that the amount includible in gross income under such subsection exceeds so much of the basis of the option as is attributable to such share.”

SEC. 2. Subsection (d) of section 1014 of the Internal Revenue Code of 1954 (relating to basis of restricted stock options) is hereby repealed.

Repeal.
68A Stat. 298.
26 USC 1014(d).

SEC. 3. The amendments made by this Act shall apply with respect to taxable years ending after December 31, 1956, but only in the case of employees dying after such date.

Effective date.

Approved February 11, 1958.

Public Law 85-321

AN ACT

Relating to the administration of certain collected taxes.

February 11, 1958
[H. R. 8855]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 77 of the Internal Revenue Code of 1954 (relating to miscellaneous administrative provisions) is amended by adding at the end thereof the following new section:

Collected taxes.
Administration.
68A Stat. 395.
26 USC ch. 77.

“SEC. 7512. SEPARATE ACCOUNTING FOR CERTAIN COLLECTED TAXES, ETC.

“(a) GENERAL RULE.—Whenever any person who is required to collect, account for, and pay over any tax imposed by subtitle C or by chapter 33—

68A Stat. 415,
497.
26 USC 3101 et
seq., 4231-4293.

“(1) at the time and in the manner prescribed by law or regulations (A) fails to collect, truthfully account for, or pay over such tax, or (B) fails to make deposits, payments, or returns of such tax, and

“(2) is notified, by notice delivered in hand to such person, of any such failure,

then all the requirements of subsection (b) shall be complied with. In the case of a corporation, partnership, or trust, notice delivered in hand to an officer, partner, or trustee, shall, for purposes of this section, be deemed to be notice delivered in hand to such corporation, partnership, or trust and to all officers, partners, trustees, and employees thereof.

“(b) REQUIREMENTS.—Any person who is required to collect, account for, and pay over any tax imposed by subtitle C or by chapter 33, if notice has been delivered to such person in accordance with subsection (a), shall collect the taxes imposed by subtitle C or chapter 33 which become collectible after delivery of such notice, shall (not later than the end of the second banking day after any amount of such taxes is collected) deposit such amount in a separate account in a bank (as defined in section 581), and shall keep the amount of such taxes in such account until payment over to the United States. Any such account shall be designated as a special fund in trust for the United States, payable to the United States by such person as trustee.

68A Stat. 202.
26 USC 581.

“(c) RELIEF FROM FURTHER COMPLIANCE WITH SUBSECTION (b).—Whenever the Secretary or his delegate is satisfied, with respect to any notification made under subsection (a), that all requirements of law and regulations with respect to the taxes imposed by subtitle C or chapter 33, as the case may be, will henceforth be complied with,

he may cancel such notification. Such cancellation shall take effect at such time as is specified in the notice of such cancellation."

68A Stat. 851.
26 USC ch. 75.

SEC. 2. Part I of subchapter A of chapter 75 of such Code (relating to general provisions concerning crimes, other offenses, and forfeitures) is amended by adding at the end thereof the following new section:

"SEC. 7215. OFFENSES WITH RESPECT TO COLLECTED TAXES.

"(a) **PENALTY.**—Any person who fails to comply with any provision of section 7512 (b) shall, in addition to any other penalties provided by law, be guilty of a misdemeanor, and, upon conviction thereof, shall be fined not more than \$5,000, or imprisoned not more than one year, or both, together with the costs of prosecution.

"(b) **EXCEPTIONS.**—This section shall not apply—

"(1) to any person, if such person shows that there was reasonable doubt as to (A) whether the law required collection of tax, or (B) who was required by law to collect tax, and

"(2) to any person, if such person shows that the failure to comply with the provisions of section 7512 (b) was due to circumstances beyond his control.

For purposes of paragraph (2), a lack of funds existing immediately after the payment of wages (whether or not created by the payment of such wages) shall not be considered to be circumstances beyond the control of a person."

68A Stat. 895.

SEC. 3. (a) The table of sections for chapter 77 of such Code is amended by adding at the end thereof the following:

"Sec. 7512. Separate accounting for certain collected taxes, etc."

68A Stat. 851.

(b) The table of sections for part I of subchapter A of chapter 75 of such Code is amended by adding at the end thereof the following:

"Sec. 7215. Offenses with respect to collected taxes."

SEC. 4. Notification may be made under section 7512 (a) of the Internal Revenue Code of 1954 (as added by the first section of this Act)—

(1) in the case of taxes imposed by subtitle C of such Code, only with respect to pay periods beginning after the date of the enactment of this Act; and

(2) in the case of taxes imposed by chapter 33 of such Code, only with respect to taxes so imposed after the date of the enactment of this Act.

Approved February 11, 1958.

Public Law 85-322

February 11, 1958
[H. R. 10146]

AN ACT

Making supplemental appropriations for the Department of Defense for the fiscal year ending June 30, 1958, and for other purposes.

Supplemental
Defense Appropriation
Act, 1958.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending June 30, 1958, for military functions administered by the Department of Defense, and for other purposes, namely: