

Public Law 87-508

AN ACT

June 28, 1962
[H. R. 11879]

To provide a one-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes.

Tax Rate Extension Act of 1962.

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 Rate Extension Act of 1962".

SEC. 2. ONE-YEAR EXTENSION OF CORPORATE NORMAL-TAX RATE.

75 Stat. 193.
26 USC 11, 821.

Section 11(b) (relating to corporate normal tax), section 821(a) (1) (A) (relating to mutual insurance companies other than interinsurers), and section 821(b) (1) (relating to interinsurers) of the Internal Revenue Code of 1954 are amended as follows:

- (1) By striking out "JULY 1, 1962" each place it appears and inserting in lieu thereof "JULY 1, 1963";
- (2) By striking out "July 1, 1962" each place it appears and inserting in lieu thereof "July 1, 1963";
- (3) By striking out "JUNE 30, 1962" each place it appears and inserting in lieu thereof "JUNE 30, 1963"; and
- (4) By striking out "June 30, 1962" each place it appears and inserting in lieu thereof "June 30, 1963".

SEC. 3. ONE-YEAR EXTENSION OF CERTAIN EXCISE-TAX RATES.

26 USC 4061-
5701.

(a) **EXTENSION OF RATES.**—The following provisions of the Internal Revenue Code of 1954 are amended by striking out "July 1, 1962" each place it appears and inserting in lieu thereof "July 1, 1963"—

- (1) section 4061 (relating to motor vehicles);
- (2) section 4251(b) (2) (relating to termination of tax on general telephone service);
- (3) section 5001(a) (1) (relating to distilled spirits);
- (4) section 5001(a) (3) (relating to imported perfumes containing distilled spirits);
- (5) section 5022 (relating to cordials and liqueurs containing wine);
- (6) section 5041(b) (relating to wines);
- (7) section 5051(a) (relating to beer); and
- (8) section 5701(c) (1) (relating to cigarettes).

(b) **TECHNICAL AMENDMENTS.**—The following provisions of the Internal Revenue Code of 1954 are amended as follows:

26 USC 5063.

- (1) Section 5063 (relating to floor stocks refunds on distilled spirits, wines, cordials, and beer) is amended by striking out "July 1, 1962" each place it appears and inserting in lieu thereof "July 1, 1963", and by striking out "October 1, 1962" and inserting in lieu thereof "October 1, 1963".

26 USC 5707.

- (2) Subsections (a) and (b) of section 5707 (relating to floor stocks refunds on cigarettes) are amended by striking out "July 1, 1962" each place it appears and inserting in lieu thereof "July 1, 1963", and by striking out "October 1, 1962" and inserting in lieu thereof "October 1, 1963".

26 USC 6412.

- (3) Section 6412(a) (1) (relating to floor stocks refunds on automobiles) is amended by striking out "July 1, 1962" each place it appears and inserting in lieu thereof "July 1, 1963", by striking out "October 1, 1962" and inserting in lieu thereof "October 1, 1963", and by striking out "November 10, 1962" each place it appears and inserting in lieu thereof "November 10, 1963".

26 USC 5701
note.

Section 497 of the Revenue Act of 1951 (relating to refunds on articles from foreign trade zones), as amended, is amended by striking out "July 1, 1962" each place it appears and inserting in lieu thereof "July 1, 1963".

SEC. 4. EXEMPTION FROM COMMUNICATIONS TAX OF CERTAIN PRIVATE LINE SERVICES USED IN CONDUCT OF TRADE OR BUSINESS.

(a) **WIRE MILEAGE SERVICE.**—Section 4252(e) of the Internal Revenue Code of 1954 (relating to definition of wire mileage service) is amended by striking out paragraphs (1) and (2) and inserting in lieu thereof the following:

72 Stat. 1290.
26 USC 4252.

“(1) any telephone or radiotelephone service not used in the conduct of a trade or business, and

“(2) any other wire or radio circuit service not used in the conduct of a trade or business.”

(b) **GENERAL TELEPHONE SERVICE.**—Section 4253 of such Code (relating to exemptions from the communications tax) is amended by adding at the end thereof the following new subsection:

26 USC 4253.

“(j) **CERTAIN PRIVATE COMMUNICATIONS SERVICES.**—No tax shall be imposed under section 4251 on any amount paid for the use of any telephone or radiotelephone line or channel which constitutes general telephone service (within the meaning of section 4252(a)), if—

26 USC 4251.

“(1) such line or channel is furnished between specified locations in different States or between specified locations in different counties, municipalities, or similar political subdivisions of a State, and

“(2) such use is in the conduct of a trade or business.”

(c) **EFFECTIVE DATE.**—The amendments made by subsections (a) and (b) shall apply with respect to services furnished on or after January 1, 1963.

SEC. 5. EXTENSION THROUGH NOVEMBER 15, 1962, OF TAX ON TRANSPORTATION OF PERSONS, AND FURTHER EXTENSION OF TAX ON TRANSPORTATION OF PERSONS BY AIR AT 5-PERCENT RATE FOR PERIOD NOVEMBER 16, 1962, THROUGH JUNE 30, 1963.

(a) **TEMPORARY EXTENSION OF TAX.**—Section 4261 of the Internal Revenue Code of 1954 (relating to the imposition of tax on the transportation of persons) is amended—

70 Stat. 644.
26 USC 4261.

(1) by striking out everything after “equal to” in subsections (a) and (b) and inserting in lieu thereof “10 percent of the amount so paid for transportation which begins before November 16, 1962.”; and

(2) by striking out everything after “equivalent to” in subsection (c) and inserting in lieu thereof “10 percent of the amount so paid in connection with transportation which begins before November 16, 1962.”

68A Stat. 506.

(b) **TAX APPLICABLE TO TRANSPORTATION OF PERSONS BY AIR FOR PERIOD NOVEMBER 16, 1962, TO JULY 1, 1963.**—Effective with respect to transportation beginning after November 15, 1962, subchapter C of chapter 33 of such Code (relating to the tax on the transportation of persons) is amended to read as follows:

26 USC 4261-4264.

“Subchapter C—Transportation of Persons by Air

“Sec. 4261. Imposition of tax.

“Sec. 4262. Definition of taxable transportation.

“Sec. 4263. Exemptions.

“Sec. 4264. Special rules.

“SEC. 4261. IMPOSITION OF TAX.

“(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 air a tax equal to 5 percent of the amount so paid for transportation which begins after November 15, 1962, and before July 1, 1963.

Post, p. 116.

"(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 air, but only if such transportation begins and ends in the United States, a tax equal to 5 percent of the amount so paid for transportation which begins after November 15, 1962, and before July 1, 1963.

"(c) SEATS, BERTHS, ETC.—There is hereby imposed upon the amount paid for seating or sleeping accommodations in connection with transportation with respect to which a tax is imposed by subsection (a) or (b) a tax equivalent to 5 percent of the amount so paid in connection with transportation which begins after November 15, 1962, and before July 1, 1963.

Post, p. 117.

"(d) BY WHOM PAID.—Except as provided in section 4264, the taxes imposed by this section shall be paid by the person making the payment subject to the tax.

"SEC. 4262. DEFINITION OF TAXABLE TRANSPORTATION.

"(a) TAXABLE TRANSPORTATION; IN GENERAL.—For purposes of this subchapter, 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, but only if such portion is not a part of uninterrupted international air transportation (within the meaning of subsection (c)(3)).

"(b) EXCLUSION OF CERTAIN TRAVEL.—For purposes of this subchapter, 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

"(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 District of Columbia and the States other than Alaska and Hawaii.

"(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.

"(3) UNINTERRUPTED INTERNATIONAL AIR TRANSPORTATION.—The term 'uninterrupted international air transportation' means any transportation by air which is not transportation described in subsection (a) (1) and in which—

"(A) the scheduled interval between (i) the beginning or end of the 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 and (ii) the end or beginning of the other portion of such transportation is not more than 6 hours, and

"(B) the scheduled interval between the beginning or end and the end or beginning of any two segments of the portion of such transportation referred to in subparagraph (A) (i) is not more than 6 hours.

"SEC. 4263. EXEMPTIONS.

"(a) COMMUTATION TRAVEL, ETC.—The tax imposed by section 4261 shall not apply to amounts paid for transportation which do not exceed 60 cents, to amounts paid for commutation or season tickets for single trips of less than 30 miles, or to amounts paid for commutation tickets for one month or less.

Ante, p. 115.

"(b) CERTAIN ORGANIZATIONS.—The tax imposed by section 4261 shall not apply to the payment for transportation or facilities furnished to an international organization, or any corporation created by Act of Congress to act in matters of relief under the treaty of Geneva of August 22, 1864.

22 Stat. 940.

"(c) MEMBERS OF THE ARMED FORCES.—The tax imposed by section 4261 shall not apply to the payment for transportation or facilities furnished under special tariffs providing for fares of not more than 2.5 cents per mile applicable to round-trip tickets sold to personnel of the United States Army, Air Force, Navy, Marine Corps, and Coast Guard traveling in uniform of the United States at their own expense when on official leave, furlough, or pass, including authorized cadets and midshipmen, issued on presentation of properly executed certificate.

"(d) SMALL AIRCRAFT ON NONESTABLISHED LINES.—The tax imposed by section 4261 shall not apply to transportation by aircraft having—

"(1) a gross takeoff weight (as determined under regulations prescribed by the Secretary or his delegate) of less than 12,500 pounds, and

"(2) a passenger seating capacity of less than ten adult passengers, including the pilot,

except when such aircraft is operated on an established line.

"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.

Ante, p. 115.

“(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 Secretary or his delegate, to the person to whom the payment for transportation was made, or, in the case of transportation other than transportation described in section 4262(a)(1), to any person furnishing any portion of such transportation.

Ante, p. 116.

“(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 by air 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 subchapter 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 subchapter to transportation any part of which is outside the northern portion of the Western Hemisphere, 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. 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 dateline, and north of the Equator, but not including any country of South America.”

(c) CONFORMING AMENDMENTS.—

(1) The table of subchapters for chapter 33 of such Code is amended by striking out

26 USC prec.
4261.

“SUBCHAPTER C. Transportation of persons.”

and inserting in lieu thereof

“SUBCHAPTER C. Transportation of persons by air.”

(2) Section 6421 of such Code (relating to gasoline used for certain nonhighway purposes or by local transit systems) is amended as follows:

(A) Subsection (b) (relating to use by local transit systems) is amended—

70 Stat. 394.
26 USC 6421.

(i) by striking out "tax-exempt passenger fare revenue" and inserting in lieu thereof "commuter fare revenue" each place it appears therein; and

(ii) by striking out "(not including the tax imposed by section 4261, relating to the tax on transportation of persons)" each place it appears therein.

(B) Subsection (d) (2) (defining tax-exempt passenger fare revenue) is amended to read as follows:

"(2) **COMMUTER FARE REVENUE.**—The term 'commuter fare revenue' means revenue attributable to fares derived from the transportation of persons and attributable to—

"(A) amounts paid for transportation which do not exceed 60 cents,

"(B) amounts paid for commutation or season tickets for single trips of less than 30 miles, or

"(C) amounts paid for commutation tickets for one month or less."

(3) Section 6416(b) (2) (H) of such Code (relating to special cases in which tax payments considered overpayments for credit or refund purposes) is amended—

(A) by striking out "tax-exempt passenger fare revenue" and inserting in lieu thereof "commuter fare revenue"; and

(B) by striking out "(not including the tax imposed by section 4261, relating to the tax on transportation of persons)".

(d) **EFFECTIVE DATES.**—The amendment made by subsection (c) (1) shall apply only with respect to transportation beginning after November 15, 1962. The amendments made by subsection (c) (2) shall apply only in respect of claims filed with respect to gasoline used on or after November 16, 1962. The amendments made by subsection (c) (3) shall apply only in respect to the use or sale of special fuels made on or after November 16, 1962.

(e) **SPECIAL CREDIT OR REFUND OF TRANSPORTATION TAX.**—Notwithstanding any other provision of law, in any case in which tax has been collected—

(1) before November 16, 1962, for or in connection with the transportation of persons which begins on or after November 16, 1962, or

(2) after November 15, 1962, and before July 1, 1963, for or in connection with the transportation of persons by air which begins on or after July 1, 1963,

the person who collected the tax shall pay the same over to the United States; but credit or refund (without interest) of the tax collected in excess of that applicable (by reason of the amendments made by this section) shall be allowed to the person who collected the tax as if such credit or refund were a credit or refund under the applicable provision of the Internal Revenue Code of 1954, but only to the extent that, before the time such transportation has begun, he has repaid the amount of such excess to the person from whom he collected the tax, or has obtained the consent of such person to the allowance of the credit or refund. For the purpose of this subsection, transportation shall not be considered to have begun on or after November 16, 1962, or on or after July 1, 1963, as the case may be, if any part of the transportation paid for (or for which payment has been obligated) commenced before such date.

Approved June 28, 1962.

72 Stat. 1306.
26 USC 6416.

68A Stat. 3.
26 USC 1 et seq.