

## Public Law 87-876

## AN ACT

October 24, 1962  
[H. R. 6371]

To amend the Internal Revenue Code of 1954 with respect to the limitation on retirement income, and with respect to the taxable year for which the deduction for interest paid will be allowable to certain building and loan associations, mutual savings banks, and cooperative banks.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 37(d) of the Internal Revenue Code of 1954 (relating to limitation on retirement income) is amended to read as follows:

Internal Revenue.  
Retirement in-  
come, limitations.  
26 USC 37.

“(d) **LIMITATION ON RETIREMENT INCOME.**—For purposes of subsection (a), the amount of retirement income shall not exceed \$1,524 less—

“(1) in the case of any individual, any amount received by the individual as a pension or annuity—

“(A) under title II of the Social Security Act,

42 USC 401-  
425.

“(B) under the Railroad Retirement Acts of 1935 or 1937, or

“(C) otherwise excluded from gross income, and

49 Stat. 967.  
45 USC 215-228.  
50 Stat. 307.  
45 USC 228a-  
228a-1.

“(2) in the case of any individual who has not attained age 72 before the close of the taxable year—

“(A) if such individual has not attained age 62 before the close of the taxable year, any amount of earned income (as defined in subsection (g)) in excess of \$900 received by such individual in the taxable year, or

“(B) if such individual has attained age 62 before the close of the taxable year, the sum of (i) one-half the amount of earned income received by such individual in the taxable year in excess of \$1,200 but not in excess of \$1,700, and (ii) the amount of earned income so received in excess of \$1,700.”

SEC. 2. The amendment made by the first section of this Act shall apply only to taxable years ending after the date of the enactment of this Act.

Effective date.

SEC. 3. (a) Section 461 of the Internal Revenue Code of 1954 (relating to general rule for taxable year of deduction) is amended by adding at the end thereof the following new subsection:

Deductions.  
Dividends or  
interest paid.  
26 USC 461.

“(e) **DIVIDENDS OR INTEREST PAID ON CERTAIN DEPOSITS OR WITHDRAWABLE ACCOUNTS.**—Except as provided in regulations prescribed by the Secretary or his delegate, amounts paid to, or credited to the accounts of, depositors or holders of accounts as dividends or interest on their deposits or withdrawable accounts (if such amounts paid or credited are withdrawable on demand subject only to customary notice to withdraw) by a mutual savings bank not having capital stock represented by shares, a domestic building and loan association, or a cooperative bank shall not be allowed as a deduction for the taxable year to the extent such amounts are paid or credited for periods representing more than 12 months. Any such amount not allowed as a deduction as the result of the application of the preceding sentence shall be allowed as a deduction for such other taxable year as the Secretary or his delegate determines to be consistent with the preceding sentence.”

(b) The amendment made by subsection (a) shall apply only with respect to taxable years ending after December 31, 1962.

Effective  
date.

Approved October 24, 1962.