

## Public Law 89-721

November 2, 1966  
[H. R. 11660]

## AN ACT

Relating to interest on income tax refunds made within 45 days after the filing of the tax return, and for other purposes.

Income tax.  
Interest on re-  
funds.  
68A Stat. 819.  
26 USC 6611.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) section 6611(e) of the Internal Revenue Code of 1954 (relating to income tax refunds within 45 days after due date of tax) is amended to read as follows:

"(e) **INCOME TAX REFUND WITHIN 45 DAYS AFTER RETURN IS FILED.**—If any overpayment of tax imposed by subtitle A is refunded within 45 days after the last date prescribed for filing the return of such tax (determined without regard to any extension of time for filing the return) or, in case the return is filed after such last date, is refunded within 45 days after the date the return is filed, no interest shall be allowed under subsection (a) on such overpayment."

(b) The amendment made by subsection (a) shall apply with respect to refunds made more than 45 days after the date of the enactment of this Act.

SEC. 2. (a) The first two sentences of section 6411(a) of the Internal Revenue Code of 1954 (relating to quick refunds of income taxes attributable to a net operating loss carryback) are amended to read as follows: "A taxpayer may file an application for a tentative carryback adjustment of the tax for the prior taxable year affected by a net operating loss carryback provided in section 172(b), or by an investment credit carryback provided in section 46(b), from any taxable year. The application shall be verified in the manner prescribed by section 6065 in the case of a return of such taxpayer, and shall be filed, on or after the date of filing of the return for the taxable year of the net operating loss or unused investment credit from which the carryback results and within a period of 12 months from the end of such taxable year, in the manner and form required by regulations prescribed by the Secretary or his delegate."

(b) Paragraph (1) of such section 6411(a) is amended by inserting after the words "net operating loss" the following: "or unused investment credit".

(c) Paragraph (5) of such section 6411(a) is amended by striking out the words "of such loss" and inserting in lieu thereof "from which the carryback is made".

(d) Subsections (b) and (c) of section 6411 of such Code are amended by inserting the words "or unused investment credit" after the words "net operating loss" each time they appear in such subsections.

(e) Subsection (c) of such section 6411 is amended by striking out the words "such loss" and inserting in lieu thereof "such loss or credit".

(f) Subsection (j) of section 6501 of such Code (relating to investment credit carrybacks) is amended by striking out "investment credit carryback," and inserting in lieu thereof "investment credit carryback (including deficiencies which may be assessed pursuant to the provisions of section 6213(b)(2))."

(g) The amendments made by this section shall apply with respect to taxable years ending after December 31, 1961, but only in the case of applications filed after the date of the enactment of this Act. The period of 12 months referred to in the second sentence of section 6411(a) of the Internal Revenue Code of 1954 (as amended by this section) for filing an application for a tentative carryback adjustment of tax

76 Stat. 963.

68A Stat. 749.

76 Stat. 971.

68A Stat. 772.

attributable to the carryback of any unused investment credit shall not expire before the close of December 31, 1966.

SEC. 3. (a) Section 6501 of the Internal Revenue Code of 1954 (relating to limitations on assessment and collection) is amended by inserting after subsection (l) the following new subsection:

26 USC 6501.

“(m) TENTATIVE CARRYBACK ADJUSTMENT ASSESSMENT PERIOD.—In a case where an amount has been applied, credited, or refunded under section 6411 (relating to tentative carryback adjustments) by reason of a net operating loss carryback or an investment credit carryback to a prior taxable year, the period described in subsection (a) of this section for assessing a deficiency for such prior taxable year shall be extended to include the period described in subsection (h) or (j), whichever is applicable; except that the amount which may be assessed solely by reason of this subsection shall not exceed the amount so applied, credited, or refunded under section 6411, reduced by any amount which may be assessed solely by reason of subsection (h) or (j), as the case may be.”

(b) The amendment made by subsection (a) shall apply in any case where the application under section 6411 of the Internal Revenue Code of 1954 is filed after the date of the enactment of this Act.

Approved November 2, 1966.

## Public Law 89-722

### AN ACT

November 2, 1966  
[H. R. 11782]

To amend the Internal Revenue Code of 1954 to allow a deduction for additions to a reserve for certain guaranteed debt obligations, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That (a) section 166 of the Internal Revenue Code of 1954 (relating to bad debts) is amended by redesignating subsection (g) as subsection (h), and by inserting after subsection (f) a new subsection (g) as follows:

Taxes.  
Reserve for cer-  
tain guaranteed  
debt obligations.  
68A Stat. 50.  
26 USC 166.

“(g) RESERVE FOR CERTAIN GUARANTEED DEBT OBLIGATIONS.—

“(1) ALLOWANCE OF DEDUCTION.—In the case of a taxpayer who is a dealer in property, in lieu of any deduction under subsection (a), there shall be allowed (in the discretion of the Secretary or his delegate) for any taxable year ending after October 21, 1965, a deduction—

“(A) for a reasonable addition to a reserve for bad debts which may arise out of his liability as a guarantor, endorser, or indemnitor of debt obligations arising out of the sale by him of real property or tangible personal property (including related services) in the ordinary course of his trade or business; and

“(B) for the amount of any reduction in the suspense account required by paragraph (4) (B) (i).

“(2) DEDUCTION DISALLOWED IN OTHER CASES.—Except as provided in paragraph (1), no deduction shall be allowed to a taxpayer for any addition to a reserve for bad debts which may arise out of his liability as guarantor, endorser, or indemnitor of debt obligations.

“(3) OPENING BALANCE.—The opening balance of a reserve described in paragraph (1) (A) for the first taxable year ending after October 21, 1965, for which a taxpayer maintains such reserve shall, under regulations prescribed by the Secretary or his delegate, be determined as if the taxpayer had maintained such reserve for the preceding taxable years.