

## Public Law 91-676

## AN ACT

January 12, 1971  
[H. R. 17988]

To amend section 47 of the Internal Revenue Code of 1954 to allow aircraft to be leased for temporary use outside the United States without a recapture of the investment credit.

Taxes.  
Leased air-  
craft, investment  
credit recapture.  
76 Stat. 966;  
83 Stat. 666;  
26 USC 47.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 47(a) of the Internal Revenue Code of 1954 (relating to certain dispositions of section 38 property) is amended by adding at the end thereof the following new paragraph:

“(6) AIRCRAFT USED OUTSIDE THE UNITED STATES AFTER APRIL 18, 1969.—

“(A) GENERAL RULE.—Any aircraft which was new section 38 property for the taxable year in which it was placed in service and which is used outside the United States under a qualifying lease or leases shall be treated as not ceasing to be section 38 property by reason of such use until such aircraft has been so used for a period or periods exceeding 4 years in total. For purposes of the preceding sentence, the registration of such aircraft under the laws of a foreign country shall be treated as use outside the United States.

“(B) COMPUTATION OF QUALIFIED INVESTMENT.—If an aircraft described in subparagraph (A) is disposed of or otherwise ceases to be section 38 property, the increase under paragraph (1) and the adjustment under paragraph (3) shall not be greater than the increase or adjustment which would result if the qualified investment of such aircraft were based upon a useful life equal to the lesser of (i) the actual useful life of such aircraft with respect to the taxpayer, or, (ii) twice the number of full calendar months during which such aircraft was registered by the Administrator of the Federal Aviation Agency and was used in the United States, operated to and from the United States, or operated under contract with the United States. For purposes of the preceding sentence, an aircraft shall be treated as used in the United States for any calendar month beginning after such aircraft was placed in service, if such month is included in a taxable year ending before January 1, 1971, for which such aircraft was section 38 property (determined without regard to this paragraph).

“(C) QUALIFYING LEASE DEFINED.—For purposes of subparagraph (A), the term ‘qualifying lease’ means a lease from an air carrier (as defined in section 101 of the Federal Aviation Act of 1958, as amended (49 U.S.C. 1301)) which complies with the provisions of the Federal Aviation Act of 1958, as amended, and the rules and regulations promulgated by the Civil Aeronautics Board thereunder, but only if such lease was executed after April 18, 1969.”

72 Stat. 737.

Applicability.

SEC. 2. The amendment made by the first section of this Act shall apply to taxable years ending after April 18, 1969.

Approved January 12, 1971.