

Public Law 96-608
96th Congress

An Act

Dec. 28, 1980
[H.R. 5973]

To amend the Internal Revenue Code of 1954 to waive in certain cases the residency requirements for deductions or exclusions of individuals living abroad, to allow the tax-free rollover of certain distributions from money purchase pension plans, and for other purposes.

Internal
Revenue Code
of 1954,
amendment.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. RESIDENCY REQUIREMENTS FOR DEDUCTIONS OR EXCLUSIONS OF INDIVIDUALS LIVING ABROAD.

26 USC 913.

(a) **GENERAL RULE.**—Subsection (j) of section 913 of the Internal Revenue Code of 1954 (relating to deduction for certain expenses of living abroad) is amended by adding at the end thereof the following new paragraph:

“(4) **WAIVER OF PERIOD OF STAY IN FOREIGN COUNTRY.**—For purposes of paragraphs (1) and (2) of subsection (a), an individual who—

“(A) for any period is a bona fide resident of or is present in a foreign country,

“(B) leaves such foreign country after August 31, 1978—

“(i) during any period during which the Secretary determines, after consultation with the Secretary of State or his delegate, that individuals were required to leave such foreign country because of war, civil unrest, or similar adverse conditions in such foreign country which precluded the normal conduct of business by such individuals, and

“(ii) before meeting the requirements of such paragraphs (1) and (2), and

“(C) establishes to the satisfaction of the Secretary that he could reasonably have been expected to have met such requirements but for the conditions referred to in clause (i) of subparagraph (B),

shall be treated as having met such requirements with respect to the period described in subparagraph (A) during which he was a bona fide resident or was present in the foreign country.”

26 USC 913 note.

(b) **EFFECTIVE DATES.**—

(1) **IN GENERAL.**—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1977.

26 USC 911.

(2) **APPLICATION FOR PURPOSES OF SECTION 911.**—In the case of an individual who leaves the foreign country after August 31, 1978, rules similar to the rules of section 913(j)(4) of the Internal Revenue Code of 1954 (as added by subsection (a)) shall apply for purposes of applying section 911 of such Code for taxable years beginning in 1977 or 1978.

Supra.

SEC. 2. ROLLOVER TREATMENT FOR CERTAIN DISTRIBUTIONS FROM MONEY PURCHASE PENSION PLANS.

(a) **GENERAL RULE.**—Paragraph (6) of section 402(a) of the Internal Revenue Code of 1954 (relating to special rollover rules) is amended by adding at the end thereof the following new subparagraph: 26 USC 402.

“(E) **SPECIAL RULE WHERE EMPLOYER MAINTAINS MONEY PURCHASE PENSION PLAN AND OTHER PENSION PLAN.**—

“(i) **IN GENERAL.**—In the case of any distribution from a money purchase pension plan which is maintained by an employer, for purposes of paragraph (5)(D)(i)(II), subsection (e)(4)(C) shall be applied by not taking into account any pension plan maintained by such employer which is not a money purchase pension plan. The preceding sentence shall not apply to any distribution which is a qualifying rollover distribution without regard to this subparagraph.

“(ii) **TREATMENT OF SUBSEQUENT DISTRIBUTIONS.**—If—

“(I) any distribution of the balance to the credit of an employee from a money purchase pension plan maintained by an employer is treated as a qualifying rollover distribution by reason of clause (i), and

“(II) any portion of such distribution is transferred in a transfer to which paragraph (5)(A) applies,

then paragraph (2) of subsection (a), and paragraphs (1) and (3) of subsection (e), shall not apply to any distribution (after the taxable year in which the distribution described in subparagraph (A) of paragraph (5) is made) of the balance to the credit of such employee from any other pension plan maintained by such employer.”

(b) **EFFECTIVE DATES.**—

26 USC 402 note.

(1) **IN GENERAL.**—The amendment made by subsection (a) shall apply to payments made in taxable years beginning after December 31, 1978.

(2) **TRANSITIONAL RULE.**—In the case of any payment made before January 1, 1982, in a taxable year beginning after December 31, 1978, which is treated as a qualifying rollover distribution (as defined in section 402(a)(5)(D)(i) of the Internal Revenue Code of 1954) by reason of the amendment made by subsection (a), the applicable period specified in section 402(a)(5)(C) of such Code shall not expire before the close of December 31, 1981.

SEC. 3. TREATMENT OF CERTAIN REPAYMENTS OF SUPPLEMENTAL UNEMPLOYMENT COMPENSATION BENEFITS.

(a) **GENERAL RULE.**—Section 62 of the Internal Revenue Code of 1954 (defining adjusted gross income) is amended by inserting after paragraph (15) the following new paragraph: 26 USC 62.

“(16) **CERTAIN REQUIRED REPAYMENTS OF SUPPLEMENTAL UNEMPLOYMENT COMPENSATION BENEFITS.**—The deduction allowed by section 165 for the repayment to a trust described in paragraph (9) or (17) of section 501(c) of supplemental unemployment compensation benefits received from such trust if such repayment is required because of the receipt of trade readjustment allowances under section 231 or 232 of the Trade Act of 1974 (19 U.S.C. 2291 and 2292).” 26 USC 165.
26 USC 501.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to repayments made in taxable years beginning after the date of the enactment of this Act. 26 USC 62 note.

SEC. 4. TAX TREATMENT OF EXPENSES IN ATTENDING FOREIGN CONVENTIONS.

26 USC 274.

(a) **IN GENERAL.**—Subsection (h) of section 274 of the Internal Revenue Code of 1954 (relating to attendance at foreign conventions, etc.) is amended to read as follows:

“(h) **ATTENDANCE AT CONVENTIONS, ETC.**—

26 USC 162, 212.

“(1) **IN GENERAL.**—In the case of any individual who attends a convention, seminar, or similar meeting which is held outside the North American area, no deduction shall be allowed under section 162 or 212 for expenses allocable to such meeting unless the taxpayer establishes that the meeting is directly related to the active conduct of his trade or business or to an activity described in section 212 and that, after taking into account in the manner provided by regulations prescribed by the Secretary—

“(A) the purpose of such meeting and the activities taking place at such meeting,

“(B) the purposes and activities of the sponsoring organizations or groups,

“(C) the residences of the active members of the sponsoring organization and the places at which other meetings of the sponsoring organization or groups have been held or will be held, and

“(D) such other relevant factors as the taxpayer may present,

it is as reasonable for the meeting to be held outside the North American area as within the North American area.

“(2) **CONVENTIONS ON CRUISE SHIPS.**—In the case of any individual who attends a convention, seminar, or other meeting which is held on any cruise ship, no deduction shall be allowed under section 162 or 212 for expenses allocable to such meeting.

“(3) **DEFINITIONS.**—For purposes of this subsection—

“(A) **NORTH AMERICAN AREA.**—The term ‘North American area’ means the United States, its possessions, and the Trust Territory of the Pacific Islands, and Canada and Mexico.

“(B) **CRUISE SHIP.**—The term ‘cruise ship’ means any vessel sailing within or without the territorial waters of the United States.

“(4) **SUBSECTION TO APPLY TO EMPLOYER AS WELL AS TO TRAVELER.**—

“(A) Except as provided in subparagraph (B), this subsection shall apply to deductions otherwise allowable under section 162 or 212 to any person, whether or not such person is the individual attending the convention, seminar, or similar meeting.

“(B) This subsection shall not deny a deduction to any person other than the individual attending the convention, seminar, or similar meeting with respect to any amount paid by such person to or on behalf of such individual if includible in the gross income of such individual. The preceding sentence shall not apply if the amount is required to be included in any information return filed by such person under part III of subchapter A of chapter 61 and is not so included.”

26 USC 6001.

26 USC 274 note.

(b) **EFFECTIVE DATE.**—The amendment made by subsection (a) of this section shall apply to conventions, seminars, and meetings beginning after December 31, 1980, except that in the case of any convention, seminar, or meeting beginning after such date which was scheduled on or before such date, a person, in such manner as the Secretary of the Treasury or his delegate may prescribe, may elect to

have the provisions of section 274(h) of the Internal Revenue Code of 1954 be applied to such convention, seminar or meeting without regard to such amendment. *Ante*, p. 3552.

SEC. 5. TAXES ON SELF-DEALING IN THE CASE OF CERTAIN LEASES.

Section 4941(d)(2) of the Internal Revenue Code of 1954 (relating to special rules in the case of self-dealing) is amended— 26 USC 4941.

- (1) by striking out “and” at the end of subparagraph (F);
- (2) by striking out the period at the end of subparagraph (G) and inserting a semicolon and “and”; and
- (3) by adding at the end thereof the following:

“(H) the leasing by a disqualified person to a private foundation of office space for use by the foundation in a building with other tenants who are not disqualified persons shall not be treated as an act of self-dealing if—

“(i) such leasing of office space is pursuant to a binding lease which was in effect on October 9, 1969, or pursuant to renewals of such a lease;

“(ii) the execution of such lease was not a prohibited transaction (within the meaning of section 503(b) or any corresponding provision of prior law) at the time of such execution; and 26 USC 503.

“(iii) the terms of the lease (or any renewal) reflect an arm’s-length transaction.”

SEC. 6. TREATMENT OF CERTAIN INDEBTEDNESS INCURRED BEFORE 1965 FOR PURPOSES OF SECTION 514.

(a) **GENERAL RULE.**—For purposes of applying section 514 of the Internal Revenue Code of 1954 with respect to any sale of real property during 1976, indebtedness incurred before January 1, 1965, by an organization to finance the construction of a building on such property shall not be treated as acquisition indebtedness if the parcel of real property on which such building was constructed— 26 USC 514.

- (1) was acquired by such organization before January 1, 1952, and
- (2) is contiguous to another parcel of real property which—
 - (A) was acquired by such organization before January 1, 1952, and

26 USC 514.

(B) was used by such organization, on January 1, 1952, and at all times thereafter before the date of the enactment of this Act, in a manner which meets the requirements of section 514(b)(1)(A) of such Code (relating to property used in carrying out exempt purpose).

(b) **EFFECTIVE DATE.**—The provisions of subsection (a) shall apply to sales during calendar year 1976.

Approved December 28, 1980.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 96-689 (Comm. on Ways and Means).

SENATE REPORT No. 96-1031 (Comm. on Finance).

CONGRESSIONAL RECORD:

Vol. 125 (1979): Dec. 17, considered and passed House.

Vol. 126 (1980): Dec. 13, considered and passed Senate, amended; House agreed to Senate amendments.