

## [CHAPTER 1226]

## AN ACT

To amend section 120 of the Internal Revenue Code.

January 11, 1951  
[H. R. 7303]  
[Public Law 918]

*Ante*, p. 545.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That section 120 of the Internal Revenue Code (relating to unlimited deduction for charitable and other contributions) is hereby amended by striking out "in respect of preceding taxable years" and inserting in lieu thereof "in respect of such year or preceding taxable years".

SEC. 2. The amendment made by this Act shall be applicable to taxable years beginning after December 31, 1942.

Approved January 11, 1951.

## [CHAPTER 1227]

## AN ACT

To amend section 22 (d) (6) of the Internal Revenue Code.

January 11, 1951  
[H. R. 9794]  
[Public Law 919]

Internal Revenue  
Code, amendment.  
*Ante*, p. 593.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That section 22 (d) (6) (relating to the involuntary liquidation and replacement of elective inventories) of the Internal Revenue Code is hereby amended as follows:

(a) By amending the title of subparagraph (A) thereof to read as follows:

"(A) Adjustment of Net Income and Resulting Tax.—  
Years beginning prior to January 1, 1948".

(b) By striking out in subparagraph (A) thereof "January 1, 1951" and by inserting in lieu thereof "January 1, 1953".

(c) The amendments made by this section shall be applicable with respect to taxable years beginning after December 31, 1940.

**SEC. 2. LIQUIDATIONS IN TAXABLE YEARS ENDING AFTER JUNE 30, 1950, AND PRIOR TO JANUARY 1, 1954.**

(a) **IN GENERAL.**—Section 22 (d) (6) of the Internal Revenue Code is hereby amended by the addition of the following subparagraph:

"(F) Years Ending after June 30, 1950, and Prior to January 1, 1954.

"(i) Adjustment of Net Income and Resulting Tax.—  
If, for any taxable year ending after June 30, 1950, and prior to January 1, 1954, the closing inventory of a taxpayer inventorying goods under the method provided in this subsection reflects a decrease from the opening inventory of such goods for such year, and if the taxpayer elects, at such time and in such manner and subject to such regulations as the Commissioner with the approval of the Secretary may prescribe, to have the provisions of this paragraph apply, and if it is established to the satisfaction of the Commissioner, in accordance with such regulations, that such decrease is attributable to the involuntary liquidation of such inventory as defined in subparagraph (B) (as modified by clause (ii) of this subparagraph), and if the closing inventory of a subsequent taxable year, ending prior to January 1, 1956, reflects a replacement, in whole or in part, of the goods so previously liquidated, the net income of the taxpayer otherwise determined for the year of such involuntary liquidations shall be increased by an

*Ante*, p. 593.

amount equal to the excess, if any, of the aggregate cost of such goods reflected in the opening inventory of the year of involuntary liquidation over the aggregate replacement cost, or decreased by an amount equal to the excess, if any, of the aggregate replacement cost of such goods over the aggregate cost thereof reflected in the opening inventory of the year of the involuntary liquidation. The taxes imposed by this chapter and by chapter 2 for the year of such liquidation, for preceding taxable years, and for all taxable years intervening between the year of liquidation and the year of replacement shall be redetermined, giving effect to such adjustments. Any increase in such taxes resulting from such adjustments shall be assessed and collected as a deficiency but without interest, and any overpayment so resulting shall be credited or refunded to the taxpayer without interest.

“(ii) Definition of Involuntary Liquidation.—For the purposes of this subparagraph the term ‘involuntary liquidation’ shall have the meaning given to it in subparagraph (B) and, in addition, it shall mean a failure, as referred to in that subparagraph, on the part of the taxpayer due, directly and exclusively, to disruption of normal trade relations between countries. For the purposes of this subparagraph the words ‘enemy’ and ‘war’, as used in subparagraph (B), shall be interpreted, pursuant to regulations prescribed by the Secretary, in such a way as to apply to circumstances, occurrences and conditions, lacking a state of war, which are similar, by reason of a state of national preparedness, to those which would exist under a state of war.

“(iii) Application of Subparagraphs (C) and (E).—Subparagraphs (C) and (E), to the extent that they refer to any taxpayer subject to the provisions of subparagraph (A) or to the adjustments specified in or resulting from the effect of subparagraph (A), shall be as applicable to a taxpayer subject to the provisions of this subparagraph or to adjustments specified in or resulting from the effect of this subparagraph as though they specifically referred to this subparagraph. For this purpose, and with respect to the taxable years covered by this subparagraph, the reference in subparagraph (E) to section 734 (d) shall be taken as a reference to section 450 (d).”

(b) EFFECTIVE DATE.—The amendment made by this section shall be applicable with respect to taxable years ending after June 30, 1950.

Approved January 11, 1951.

53 Stat. 104.  
26 U. S. C. §§ 500-706;  
Sup. III, § 505 (a) (2).  
*Ante*, pp. 428, 429,  
947, 959.

55 Stat. 28.  
26 U. S. C. § 734 (d).  
*Ante*, p. 1177.

[CHAPTER 1228]

AN ACT

To authorize a Federal civil defense program, and for other purposes.

*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 “Federal Civil Defense Act of 1950”.*

January 12, 1951  
[H. R. 9798]  
[Public Law 920]

Federal Civil De-  
fense Act of 1950.

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