Public Law 87-863

AN ACT

October 23, 1962
[H. R. 10620]

To amend section 213 of the Internal Revenue Code of 1954 to increase the maximum limitations on the amount allowable as a deduction for medical, dental, etc., expenses, 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) subsection (c) of section 213 of the Internal Revenue Code of 1954 (relating to maximum limitations on deduction for medical, dental, etc., expenses) is amended—

Taxes.
Medical expense deductions.
26 USC 213.

(1) by striking out "$2,500" and inserting in lieu thereof "$5,000",

(2) by striking out "$5,000" and inserting in lieu thereof "$10,000", and

(3) by striking out "$10,000" and inserting in lieu thereof "$20,000".

(b) Subsection (g) of such section (relating to maximum limitation if taxpayer or spouse has attained age 65 and is disabled) is amended—

(1) by striking out "$15,000" each place it appears therein and inserting in lieu thereof "$20,000", and

(2) by striking out "$30,000" and inserting in lieu thereof "$40,000".

(c) The amendments made by subsections (a) and (b) shall apply only with respect to taxable years beginning after December 31, 1961.

SEC. 2. (a) Section 401 of the Internal Revenue Code of 1954 (relating to qualified pension, profit-sharing, and stock bonus plans) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

26 USC 401.
Ante, p. 811.
Ante, p. 819.

"(h) MEDICAL, ETC., BENEFITS FOR RETIRED EMPLOYEES AND THEIR SPOUSES AND DEPENDENTS.—Under regulations prescribed by the Secretary or his delegate, a pension or annuity plan may provide for the payment of benefits for sickness, accident, hospitalization, and medical expenses of retired employees, their spouses and their dependents, but only if—

"(1) such benefits are subordinate to the retirement benefits provided by the plan,

"(2) a separate account is established and maintained for such benefits,

"(3) the employer's contributions to such separate account are reasonable and ascertainable,

"(4) it is impossible, at any time prior to the satisfaction of all liabilities under the plan to provide such benefits, for any part of the corpus or income of such separate account to be (within the taxable year or thereafter) used for, or diverted to, any purpose other than the providing of such benefits, and

"(5) notwithstanding the provisions of subsection (a)(2), upon the satisfaction of all liabilities under the plan to provide such benefits, any amount remaining in such separate account must, under the terms of the plan, be returned to the employer."

(b) Section 404(a)(2) of such Code (relating to employees' annuities) is amended—

26 USC 404.

(1) by inserting after "purchase of retirement annuities" the following: ", or retirement annuities and medical benefits as described in section 401(h),"; and

(2) by inserting after "such retirement annuities" the following: ", or such retirement annuities and medical benefits".

(c) The amendments made by subsections (a) and (b) shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 3. Any taxpayer who exercised an option to capitalize intangible drilling and development costs under the regulations recognized and approved by the Congress in H. Con. Res. 50, 79th Congress, or under section 39.23(m)–16 of regulations 118, is hereby granted a new option for the first taxable year ending on or after the date of the enactment of this Act to deduct such costs as expenses. Such new option shall be exercised at the time of filing the income tax return for such first taxable year, but otherwise shall be treated, for all purposes, as an option exercised under, and subject to, section 263(c) of the Internal Revenue Code of 1954 and the regulations prescribed thereunder.

59 Stat. 844.

26 USC 263.

26 USC 5123.

SEC. 4. (a) Section 5123(b) of the Internal Revenue Code of 1954 (relating to application of special tax on retail dealers in liquor where business is conducted in more than one location) is amended by adding at the end thereof the following new paragraph:

"(3) LIQUOR STORES OPERATED BY STATES, POLITICAL SUBDIVISIONS, ETC.—A State, a political subdivision of a State, or the District of Columbia shall not be required to pay more than one special tax as a retail dealer in liquors under section 5121(a) regardless of the number of locations at which such State, political subdivision, or District carries on business as a retail dealer in liquors."

26 USC 5121.

26 USC 5113.

(b) Section 5113(b) of such Code (relating to application of special tax on wholesale dealers in liquor to liquor stores operated by States, political subdivisions, etc.) is amended—

(1) by striking out "or Territory" and "Territory," each place such terms appear, and

(2) by striking out "if such liquor store" and inserting in lieu thereof "if such State, political subdivision, or District".

Effective date.

(c) The amendments made by subsections (a) and (b) of this section shall take effect on July 1, 1962.

26 USC 1341.

SEC. 5. (a) Section 1341(b) of the Internal Revenue Code of 1954 (relating to special rules applicable to computation of tax where taxpayer restores substantial amount held under claim of right) is amended by adding at the end thereof the following new paragraphs:

"(4) For purposes of determining whether paragraph (4) or paragraph (5) of subsection (a) applies—

"(A) in any case where the deduction referred to in paragraph (4) of subsection (a) results in a net operating loss, such loss shall, for purposes of computing the tax for the taxable year under such paragraph (4), be carried back to the same extent and in the same manner as is provided under section 172; and

"(B) in any case where the exclusion referred to in paragraph (5)(B) of subsection (a) results in a net operating loss or capital loss for the prior taxable year (or years), such loss shall, for purposes of computing the decrease in tax for the prior taxable year (or years) under such paragraph (5)(B), be carried back and carried over to the same extent and in the same manner as is provided under section 172 or section 1212, except that no carryover beyond the taxable year shall be taken into account.

26 USC 172, 1212.

"(5) For purposes of this chapter, the net operating loss described in paragraph (4)(A) of this subsection, or the net operating loss or capital loss described in paragraph (4)(B) of this subsection, as the case may be, shall (after the application of paragraph (4) or (5)(B) of subsection (a) for the taxable year)

be taken into account under section 172 or 1212 for taxable years after the taxable year to the same extent and in the same manner as—

"(A) a net operating loss sustained for the taxable year, if paragraph (4) of subsection (a) applied, or

"(B) a net operating loss or capital loss sustained for the prior taxable year (or years), if paragraph (5)(B) of subsection (a) applied."

(b) The amendment made by subsection (a) shall be effective with respect to taxable years beginning on or after January 1, 1962. Effective date.

SEC. 6. (a) (1) Section 7608 of the Internal Revenue Code of 1954 (relating to authority of Internal Revenue enforcement officers) is amended by adding at the end thereof the following new subsection: 26 USC 7608.

"(b) ENFORCEMENT OF LAWS RELATING TO INTERNAL REVENUE OTHER THAN SUBTITLE E.—

"(1) Any criminal investigator of the Intelligence Division or of the Internal Security Division of the Internal Revenue Service whom the Secretary or his delegate charges with the duty of enforcing any of the criminal provisions of the internal revenue laws or any other criminal provisions of law relating to internal revenue for the enforcement of which the Secretary or his delegate is responsible is, in the performance of his duties, authorized to perform the functions described in paragraph (2).

"(2) The functions authorized under this subsection to be performed by an officer referred to in paragraph (1) are—

"(A) to execute and serve search warrants and arrest warrants, and serve subpoenas and summonses issued under authority of the United States;

"(B) to make arrests without warrant for any offense against the United States relating to the internal revenue laws committed in his presence, or for any felony cognizable under such laws if he has reasonable grounds to believe that the person to be arrested has committed or is committing any such felony; and

"(C) to make seizures of property subject to forfeiture under the internal revenue laws."

(2) Such section is further amended by striking out "Any" and inserting in lieu thereof "(a) ENFORCEMENT OF SUBTITLE E AND OTHER LAWS PERTAINING TO LIQUOR, TOBACCO, AND FIREARMS.—Any".

(b) The amendments made by subsection (a) shall take effect on the day after the date of enactment of this Act. Effective date.

Approved October 23, 1962.

Public Law 87-864

JOINT RESOLUTION

Fixing the time of assembly of the Eighty-eighth Congress.

October 23, 1962
[H. J. Res. 907]

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Eighty-eighth Congress shall assemble at noon on Wednesday, January 9, 1963.

Approved October 23, 1962.