

apply to this Act unless it refers specifically to this Act or refers generally to sales of defense articles and defense services under any Act.

SEC. 46. SAVING PROVISIONS.—Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by section 45(a) shall continue in full force and effect until modified by appropriate authority.

Approved October 22, 1968.

Public Law 90-630

AN ACT

October 22, 1968

[H. R. 11394]

To amend certain provisions of the Internal Revenue Code of 1954 relating to distilled spirits, and for other purposes.

Taxes.
Distilled spirits.
72 Stat. 1324.
26 USC 5008.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That paragraph (1) of section 5008(c) of the Internal Revenue Code of 1954 (relating to loss or destruction of distilled spirits) is amended—

(1) by striking out “before the completion of the bottling and casing or other packaging of such spirits for removal from the bottling premises” and inserting in lieu thereof “before removal from the premises”, and

(2) by inserting after “such loss occurred” in subparagraph (B) the following: “(i) before the completion of the bottling and casing or other packaging of such spirits for removal from the bottling premises and (ii)”.

SEC. 2. (a) The second sentence of section 5062(b) of the Internal Revenue Code of 1954 (relating to drawback in the case of exportation of distilled spirits) is amended to read as follows: “In the case of distilled spirits, the preceding sentence shall not apply unless the claim for drawback is filed by the bottler or packager of the spirits and unless such spirits have been stamped or restamped, and marked, especially for export, under regulations prescribed by the Secretary or his delegate.”

(b) The second paragraph of section 313(d) of the Tariff Act of 1930, as amended (19 U.S.C. 1313(d)) (relating to drawback) is amended—

(1) by inserting “or determined” after “been paid” each place it appears,

(2) by striking out the colon and the proviso, and

(3) by adding at the end thereof the following new sentence: “In the case of distilled spirits, the preceding sentence shall not apply unless the claim for drawback is filed by the bottler or packager of the spirits and unless such spirits have been stamped or restamped, and marked, especially for export, under regulations prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury.”

SEC. 3. (a) Section 5232 of the Internal Revenue Code of 1954 (relating to imported distilled spirits) is amended to read as follows:

“SEC. 5232. IMPORTED DISTILLED SPIRITS.

“(a) **TRANSFER TO DISTILLED SPIRITS PLANT WITHOUT PAYMENT OF TAX.**—Imported distilled spirits in bulk containers may, under such regulations as the Secretary or his delegate shall prescribe, be withdrawn from customs custody and transferred in such bulk containers or by pipeline to the bonded premises of a distilled spirits plant with-

46 Stat. 694;
49 Stat. 1960.

72 Stat. 1366.

out payment of the internal revenue tax imposed on imported distilled spirits by section 5001. The person operating the bonded premises of the distilled spirits plant to which such spirits are transferred shall become liable for the tax on distilled spirits withdrawn from customs custody under this section upon release of the spirits from customs custody, and the importer shall thereupon be relieved of his liability for such tax.

72 Stat. 1314.

“(b) **WITHDRAWALS, ETC.**—Imported distilled spirits transferred pursuant to subsection (a)—

“(1) may not be bottled in bond under section 5233,

“(2) may be redistilled or denatured only if of 185 degrees or more of proof, and

“(3) may be withdrawn for any purpose authorized by this chapter, in the same manner as domestic distilled spirits.”

(b) Headnote 3 for part 12 of schedule 1 of the Tariff Schedules of the United States (19 U.S.C., sec. 1202) is amended to read as follows:

77A Stat. 63.

“3. The duties prescribed on products covered by this part are in addition to the internal-revenue taxes imposed under existing law or any subsequent Act. The duties imposed on products covered by this part which are subject also to internal-revenue taxes are imposed only on the quantities subject to such taxes; except that, in the case of distilled spirits transferred to the bonded premises of a distilled spirits plant under the provisions of section 5232 of the Internal Revenue Code of 1954, the duties are imposed on the quantity withdrawn from customs custody.”

Ante, p. 1328.

SEC. 4. (a) For purposes of subsection (b), the effective date of this Act is the first day of the first calendar month which begins more than 90 days after the date of the enactment of this Act.

Effective date.

(b) The amendments made by the first section of this Act shall apply only to losses sustained on or after such effective date. The amendments made by section 2 shall apply only to articles exported on or after such effective date. The amendments made by section 3 shall apply only to withdrawals from customs custody on or after such effective date.

SEC. 5. (a) Section 175(c)(1) of the Internal Revenue Code of 1954 (relating to soil and water conservation expenditures) is amended by striking out the last sentence and inserting in lieu thereof the following:

Soil and water conservation expenditures.

68A Stat. 67.

26 USC 175.

“Notwithstanding the preceding sentences, such term also includes any amount, not otherwise allowable as a deduction, paid or incurred to satisfy any part of an assessment levied by a soil or water conservation or drainage district to defray expenditures made by such district (i) which, if paid or incurred by the taxpayer, would without regard to this sentence constitute expenditures deductible under this section, or (ii) for property of a character subject to the allowance for depreciation provided in section 167 and used in the soil or water conservation or drainage district's business as such (to the extent that the taxpayer's share of the assessment levied on the members of the district for such property does not exceed 10 percent of such assessment).”

(b) Section 175 of such Code is amended by adding at the end thereof the following new subsection:

“(f) **RULES APPLICABLE TO ASSESSMENTS FOR DEPRECIABLE PROPERTY.**—

“(1) **AMOUNTS TREATED AS PAID OR INCURRED OVER 9-YEAR PERIOD.**—In the case of an assessment levied to defray expenditures for property described in clause (ii) of the last sentence of subsection (c)(1), if the amount of such assessment paid or incurred by the taxpayer during the taxable year (determined without the application of this paragraph) is in excess of an

amount equal to 10 percent of the aggregate amounts which have been and will be assessed as the taxpayer's share of the expenditures by the district for such property, and if such excess is more than \$500, the entire excess shall be treated as paid or incurred ratably over each of the 9 succeeding taxable years.

"(2) DISPOSITION OF LAND DURING 9-YEAR PERIOD.—If paragraph (1) applies to an assessment and the land with respect to which such assessment was made is sold or otherwise disposed of by the taxpayer (other than by the reason of his death) during the 9 succeeding taxable years, any amount of the excess described in paragraph (1) which has not been treated as paid or incurred for a taxable year ending on or before the sale or other disposition shall be added to the adjusted basis of such land immediately prior to its sale or other disposition and shall not thereafter be treated as paid or incurred ratably under paragraph (1).

"(3) DISPOSITION BY REASON OF DEATH.—If paragraph (1) applies to an assessment and the taxpayer dies during the 9 succeeding taxable years, any amount of the excess described in paragraph (1) which has not been treated as paid or incurred for a taxable year ending before his death shall be treated as paid or incurred in the taxable year in which he dies."

Effective date.

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

Denial of exemption.
68A Stat. 168.
26 USC 504.

SEC. 6. (a) Section 504(a) of the Internal Revenue Code of 1954 (relating to denial of exemption) is amended by inserting after the second sentence thereof the following new sentence: "Paragraph (1) shall not apply to income attributable to property transferred to a trust before January 1, 1951, by the creator of such trust, if such trust was irrevocable on such date and if such income is required to be accumulated pursuant to the mandatory terms (as in effect on such date and at all times thereafter) of the instrument creating such trust."

Charitable deductions, limitation.

(b) Section 681(c) of such Code (relating to limitation on charitable deduction of trusts by reason of accumulated income) is amended by inserting after the second sentence thereof the following new sentence: "Paragraph (1) shall not apply to income attributable to property transferred to a trust before January 1, 1951, by the creator of such trust, if such trust was irrevocable on such date and if such income is required to be accumulated pursuant to the mandatory terms (as in effect on such date and at all times thereafter) of the instrument creating such trust."

Effective date.

(c) The amendments made by subsection (a) and (b) shall apply with respect to taxable years beginning after December 31, 1953, and ending after August 16, 1954. For purposes of section 3814 and 162 (g) (4) of the Internal Revenue Code of 1939, provisions having the same effect as such amendments shall be treated as included in such sections effective with respect to taxable years beginning after December 31, 1950.

64 Stat. 954,
958.

Approved October 22, 1968.