

Notice to  
Congress.

may be terminated at an earlier date if necessitated by the defense requirements of the United States.

SEC. 4. No loan may be made or extended under this Act unless the Secretary of Defense, after consultation with the Joint Chiefs of Staff, determines that such loan or extension is in the best interest of the United States. The Secretary of Defense shall keep the Congress currently advised of all loans made or extended under this Act.

SEC. 5. The President may promulgate such rules and regulations as he deems necessary to carry out the provisions of this Act.

Approved December 26, 1967, 4:09 p.m.

## Public Law 90-225

December 27, 1967  
[H. R. 4765]

Taxes.  
Bank Holding  
Company distri-  
butions.  
26 USC 1102.  
12 USC 1841  
note.

80 Stat. 236.  
70 Stat. 139.

### AN ACT

To amend the Internal Revenue Code of 1954 with respect to the income tax treatment of certain distributions pursuant to the Bank Holding Company Act of 1956, as amended, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 1102 of the Internal Revenue Code of 1954 (relating to special rules for income tax treatment of distributions pursuant to the Bank Holding Company Act of 1956) is amended by adding at the end thereof the following new subsection:

“(e) CERTAIN BANK HOLDING COMPANIES.—This part shall apply in respect of any company which becomes a bank holding company as a result of the enactment of the Act entitled ‘An Act to amend the Bank Holding Company Act of 1956’, approved July 1, 1966 (Public Law 89-485), with the following modifications:

“(1) Subsections (a) (3) and (b) (3) of section 1101 shall not apply.

“(2) Subsections (a) (1) and (2) and (b) (1) and (2) of section 1101 shall apply in respect of distributions to shareholders of the distributing bank holding corporation only if all distributions to each class of shareholders which are made—

“(A) after April 12, 1965, and

“(B) on or before the date on which the Board of Governors of the Federal Reserve System makes its final certification under section 1101(e),

are pro rata. For purposes of the preceding sentence, any redemption of stock made in whole or in part with property other than money shall be treated as a distribution.

“(3) In applying subsections (e) and (d) of section 1101 and

subsection (b) of section 1103, the date 'April 12, 1965' shall be substituted for the date 'May 15, 1955'.

70 Stat. 144.

"(4) In applying subsection (d)(3) of section 1101, the date of the enactment of this subsection shall be treated as being the date of the enactment of this part.

"(5) In applying subsection (b)(2)(A) of section 1103, the reference to the Bank Holding Company Act of 1956 shall be treated as referring to such Act as amended by Public Law 89-485."

The amendment made by this section shall apply with respect to distributions made after the date of the enactment of this Act in taxable years ending after such date.

Effective date.

SEC. 2. (a) Section 46(b) of the Internal Revenue Code of 1954 (relating to carryback and carryover of unused investment credits) is amended by striking out paragraph (3) (relating to effect of net operating loss carryback).

Investment  
credit carry-  
backs.

76 Stat. 963.

(b) Section 6411(a) of such Code (relating to application for tentative carryback adjustment) is amended by inserting after "within a period of 12 months from the end of such taxable year" in the second sentence the following: "(or, with respect to any portion of an investment credit carryback from a taxable year attributable to a net operating loss carryback from a subsequent taxable year, within a period of 12 months from the end of such subsequent taxable year)".

80 Stat. 1150.

(c) Section 6501(j) of such Code (relating to limitations on assessment in the case of investment credit carrybacks) is amended by inserting before the period at the end thereof the following: ", or, with respect to any portion of an investment credit carryback from a taxable year attributable to a net operating loss carryback from a subsequent taxable year, at any time before the expiration of the period within which a deficiency for such subsequent taxable year may be assessed".

76 Stat. 971.

(d) Section 6511(d)(4)(A) of such Code (relating to special period of limitation on refunds with respect to investment credit carrybacks) is amended by inserting after "which results in such carryback" in the first sentence the following: "(or, with respect to any portion of an investment credit carryback from a taxable year attributable to a net operating loss carryback from a subsequent taxable year, the period shall be that period which ends with the expiration of the 15th day of the 40th month, or 39th month, in the case of a corporation, following the end of such subsequent taxable year)".

76 Stat. 971.

(e) Section 6601(e)(2) of such Code (relating to interest on underpayments, etc.) is amended by inserting before the period at the end thereof the following: ", or with respect to any portion of an investment credit carryback from a taxable year attributable to a net oper-

ating loss carryback from a subsequent taxable year, such increase shall not affect the computation of interest under this section for the period ending with the last day of such subsequent taxable year".

(f) Section 6611(f)(2) of such Code (relating to interest on overpayments) is amended by inserting before the period at the end thereof the following: " , or, with respect to any portion of an investment credit carryback from a taxable year attributable to a net operating loss carryback from a subsequent taxable year, such overpayment shall be deemed not to have been made prior to the close of such subsequent taxable year".

**Effective date.**

**Operating loss carrybacks.**  
76 Stat. 889;  
78 Stat. 47.

(g) The amendments made by this section shall apply with respect to investment credit carrybacks attributable to net operating loss carrybacks from taxable years ending after July 31, 1967.

SEC. 3. (a) Section 172(b) of the Internal Revenue Code of 1954 (relating to net operating loss carrybacks and carryovers) is amended—

- (1) by striking out "subparagraph (D)" in paragraph (1)(A)
- (i) and inserting in lieu thereof "subparagraphs (D) and (E)";
- (2) by striking out "subparagraphs (C) and (D)" in paragraph (1)(B) and inserting in lieu thereof "subparagraphs (C), (D), and (E)";

(3) by adding at the end of paragraph (1) the following new subparagraph:

"(E) In the case of a taxpayer which is a domestic corporation qualifying under paragraph (3)(E), a net operating loss for any taxable year ending after December 31, 1966, and prior to January 1, 1969, shall be a net operating loss carryback to each of the 5 taxable years preceding the taxable year of such loss and shall be a net operating loss carryover to each of the 3 taxable years following the taxable year of such loss."; and

- (4) by adding at the end of paragraph (3) the following new subparagraphs:

"(E) Paragraph (1)(E) shall apply only if—

"(i) the amount of the taxpayer's net operating loss for the taxable year exceeds the sum of the taxable income (computed as provided in paragraph (2)) for each of the 3 preceding taxable years of the taxpayer,

"(ii) the amount of the taxpayer's net operating loss for the taxable year, increased by the amount of the taxpayer's net operating loss for the preceding taxable year or decreased by the amount of the taxpayer's taxable income for such preceding year, exceeds 15 percent of the sum of the money and other property (in an amount

*Infra.*

equal to its adjusted basis for determining gain) of the taxpayer, determined as of the close of the taxable year of such loss without regard to any refund or credit of any overpayment of tax to which the taxpayer may be entitled under paragraph (1) (E),

*Ante, p. 732.*

"(iii) the aggregate unadjusted basis of property described in section 1231(b) (1) (without regard to any holding period therein provided), the basis for which was determined under section 1012, which was acquired by the taxpayer during the period beginning with the first day of its fifth taxable year preceding the taxable year of such loss and ending with the last day of the taxable year of such loss, equals or exceeds the aggregate adjusted basis of property of such description of the taxpayer on, and determined as of, the first day of the fifth preceding taxable year, and

68A Stat. 325.

"(iv) the taxpayer derived 50 percent or more of its gross receipts (other than gross receipts derived from the conduct of a lending or finance business), for the taxable year of such loss and for each of its 5 preceding taxable years, from the manufacture and production of units within the same single class of products, and 3 or fewer United States persons (including as one person an affiliated group as defined in section 1504(a)) other than the taxpayer manufactured and produced in the United States, in the calendar year ending in or with the taxable year of such loss, 85 percent or more of the total number of all units within such class of products manufactured and produced in the United States in such calendar year.

"(F) For purposes of subparagraph (E) (iv)—

"(i) the term 'class of products' means any of the categories designated and numbered as a 'class of products' in the 1963 Census of Manufactures compiled and published by the Secretary of Commerce under title 13 of the United States Code, and

"Class of products."

68 Stat. 1012.

"(ii) information compiled or published by the Secretary of Commerce, as part of or in connection with the Statistical Abstract of the United States or the census of manufactures, regarding the number of units of a class of products manufactured and produced in the United States during a calendar year, or, if such information should not be available, information so compiled or published regarding the number of such units shipped or sold by such manufacturers during a calendar year, shall constitute *prima facie* evidence of the total number of all units of such class of products manufactured and produced in the United States in such calendar year."

(b) No interest shall be paid or allowed with respect to any overpayment of tax resulting from the application of the amendments made by subsection (a) for any period prior to the date of the enactment of this Act.

(c) The amendments made by subsection (a) shall apply with respect to net operating losses sustained in taxable years ending after December 31, 1966.

Effective date.

SEC. 4. (a) Section 815(f) of the Internal Revenue Code of 1954 (relating to definition of distribution) is amended—

78 Stat. 859.

- (1) by striking out "or" at the end of paragraph (2);
- (2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof ";" or"; and

(3) by inserting after paragraph (3) the following new paragraph:

“(4) any distribution after December 31, 1966, of the stock of a controlled corporation to which section 355 applies, if such distribution is made to a corporation which immediately after the distribution is in control (within the meaning of section 368(c)) of both the distributing corporation and such controlled corporation and if such controlled corporation is a life insurance company of which the distributing corporation has been in control at all times since December 31, 1957.”

68A Stat. 113.

78 Stat. 859.

(b) (1) The next to last sentence of section 815(f) is amended—

(A) by striking out “Paragraph (3) shall not” and inserting in lieu thereof “Neither paragraph (3) nor paragraph (4) shall”; and

(B) by striking out “ subparagraph (B) of such paragraph” and inserting in lieu thereof “paragraph (3)(B)”.

(2) The last sentence of section 815(f) is amended by striking out “paragraph (3) also” and inserting in lieu thereof “paragraphs (3) and (4) also”.

(c) The amendments made by this section shall apply to taxable years beginning after December 31, 1966.

Approved December 27, 1967.

Effective date.

## Public Law 90-226

December 27, 1967  
[H. R. 10783]

### AN ACT

Relating to crime and criminal procedure in the District of Columbia.

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

### TITLE I

SEC. 101. Section 397 of the Revised Statutes of the United States, relating to the District of Columbia (D.C. Code, sec. 4-140), is amended to read as follows:

“SEC. 397. (a) An officer or member of the Metropolitan Police force may arrest without a warrant and take into custody any person who commits, or threatens or attempts to commit, in the presence of, or within the view of, such officer or member any breach of the peace or offense directly prohibited by an Act of Congress or by any other law in force in the District.

“(b) An officer or member of the Metropolitan Police force may arrest a person without a warrant if he has probable cause to believe that such person (1) has committed or is about to commit any offense listed in subsection (c) of this section, and (2) unless immediately arrested, may not be apprehended, may cause injury to others or damage to property, or may tamper with, dispose of, or destroy evidence.

District of Columbia.  
Crime and criminal procedure.

Arrests without warrant.