

Public Law 92-8

JOINT RESOLUTION

To provide a temporary extension of certain provisions of law relating to interest rates and cost-of-living stabilization.

March 31, 1971
[S. J. Res. 55]

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

Interest rates
and cost-of-living
stabilization.
Extension.

REGULATION OF INTEREST RATES ON DEPOSITS AND SHARE ACCOUNTS IN
FINANCIAL INSTITUTIONS

SECTION 1. Section 7 of the Act of September 21, 1966, as amended (Public Law 91-151; 83 Stat. 371), is amended by striking out "March 22, 1971" and inserting in lieu thereof "June 1, 1971".

Post, p. 38.
12 USC 461
note.

AUTHORITY TO APPLY PRICE AND WAGE CONTROLS

SEC. 2. Section 206 of the Economic Stabilization Act of 1970 (title II of Public Law 91-379), as amended (Public Law 91-558), is amended by striking out "March 31, 1971" and "April 1, 1971" and inserting in lieu thereof "May 31, 1971" and "June 1, 1971", respectively.

84 Stat. 800,
1468; Post, pp. 38,
743.
12 USC 1904
note.

Approved March 31, 1971.

Public Law 92-9

AN ACT

To provide an extension of the interest equalization tax, and for other purposes.

April 1, 1971
[H. R. 5432]

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

Interest Equalization
Tax Extension
Act of 1971.

SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This Act may be cited as the "Interest Equalization Tax Extension Act of 1971".

(b) AMENDMENT OF 1954 CODE.—Whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference is to a section or other provision of the Internal Revenue Code of 1954.

68A Stat. 3.
26 USC 1 et seq.

SEC. 2. EXTENSION OF INTEREST EQUALIZATION TAX.

Section 4911(d) is amended, effective with respect to acquisitions made after March 31, 1971, by striking out "March 31, 1971" and inserting in lieu thereof "March 31, 1973".

78 Stat. 810;
83 Stat. 261.

SEC. 3. OTHER AMENDMENTS.**(a) ELECTION TO TREAT CERTAIN DEBT OBLIGATIONS AS SUBJECT TO TAX.—**

78 Stat. 810.
26 USC 4912.

(1) Section 4912 is amended by adding at the end thereof the following new subsection:

“(c) ELECTION TO SUBJECT CERTAIN DEBT OBLIGATIONS TO TAX.—

“(1) **IN GENERAL.**—A domestic corporation or domestic partnership may elect to have its debt obligations—

“(A) which are part of a new or original issue, or

“(B) which are part of an issue outstanding on the date of the enactment of the Interest Equalization Tax Extension Act of 1971 and are treated under subsection (b) (3) as debt obligations of a foreign obligor,

treated as debt obligations of a foreign obligor the acquisition of which by a United States person (other than the issuer) will, notwithstanding any other provision of this chapter, be subject to the tax imposed by section 4911 at the rate applicable on acquisitions of stock under section 4911(b).

81 Stat. 145;
83 Stat. 262.

“(2) **ASSUMPTION OF OBLIGATIONS.**—For purposes of paragraph (1), the assumption by a domestic corporation of debt obligations of an affiliated corporation shall be treated as the issuance of a new or original issue of debt obligations by such domestic corporation. For purposes of this paragraph, a domestic corporation shall be treated as affiliated with another corporation if both corporations are members, or would be members if they were both domestic corporations) of the same controlled group (within the meaning of section 48(c)(3)(C)).

83 Stat. 603.

“(3) **ELECTION.**—An election under paragraph (1) with respect to any issue of debt obligations shall be made at such time and in such manner as the Secretary or his delegate may prescribe by regulations, and such election may not be revoked. In the case of a new or original issue, such election shall be made prior to the issuance (or, in the case of an issue treated as a new or original issue under paragraph (2), prior to the assumption) of any debt obligations of such issue.

“(4) **INDICATION OR ENDORSEMENT OF TAXABILITY.**—In the case of a debt obligation which is part of a new or original issue (other than an issue treated as a new or original issue under paragraph (2)), an election under paragraph (1) shall apply to such debt obligation only if the document evidencing such debt obligation indicates that its acquisition by a United States person is subject to the tax imposed by section 4911 as provided in paragraph (1). In the case of any other debt obligation, an election under paragraph (1) shall apply to such debt obligation only if the document evidencing such debt obligation is marked or endorsed, subject to such regulations as the Secretary or his delegate may prescribe, so as to indicate that its acquisition by a United States person is subject to such tax.”

(2) Section 861(a)(1) is amended—

(A) by striking out “and” at the end of subparagraph (E),

(B) by striking out the period at the end of subparagraph (F) and inserting in lieu thereof “, and”, and

(C) by adding at the end thereof the following new subparagraph:

“(G) interest on a debt obligation which was part of an issue with respect to which an election has been made under section 4912(c) and which, when issued (or treated as issued under section 4912(c)(2)), had a maturity not exceeding 15 years and, when issued, was purchased by one or more underwriters with a view to distribution through resale, but only with respect to interest attributable to periods after the date of such election.”

(3) The amendments made by this subsection shall take effect on the date of the enactment of this Act.

80 Stat. 1542.
26 USC 861.

Ante, p. 14.

Effective date.

(b) ACQUISITIONS IN CONNECTION WITH NATIONALIZATION, EXPROPRIATION, ETC.—

(1) Section 4914(b) is amended by adding at the end thereof the following new paragraph:

“(16) ACQUISITIONS OF STOCK OR DEBT OBLIGATIONS IN CONNECTION WITH NATIONALIZATION, EXPROPRIATION, ETC.—Of stock or debt obligations of a foreign issuer or obligor, where such acquisition is required as a reinvestment in connection with an actual or threatened nationalization, expropriation, or seizure of property, to the extent provided in subsection (k).”

(2) Section 4914 is amended by adding at the end thereof the following new subsection:

78 Stat. 813;
81 Stat. 157.

“(k) ACQUISITIONS OF STOCK OR DEBT OBLIGATIONS IN CONNECTION WITH NATIONALIZATION, EXPROPRIATION, ETC.—The tax imposed by section 4911 shall not apply to the acquisition by a United States person of stock or a debt obligation of a foreign issuer or obligor, to the extent that such acquisition is required as a reinvestment within a foreign country by the terms of a contract of sale to, or a contract of indemnification with respect to the nationalization, expropriation, or seizure by, the government of such country or a political subdivision thereof, or an agency or instrumentality of such government, of property owned within such country or such political subdivision by such United States person, or by a controlled foreign corporation (as defined in section 957) more than 50 percent of the total combined voting power of all classes of stock entitled to vote of which is owned (within the meaning of section 958) by such United States person, but only if such contract was entered into because the government of such country or political subdivision, or such agency or instrumentality—

78 Stat. 809.

“(A) has nationalized or has expropriated or seized, or has threatened to nationalize or to expropriate or seize, a substantial portion of the property owned within such country or such political subdivision by such United States person or such controlled foreign corporation; or

“(B) has taken action which has the effect of nationalizing or of expropriating or seizing, or of threatening to nationalize or to

76 Stat. 1017.

expropriate or seize, a substantial portion of the property so owned.

For purposes of this subsection, an instrumentality of the government of a country or a political subdivision thereof includes a corporation or other entity with respect to which such government, or any agency of such government, owns more than 50 percent of the total combined voting power of all classes of stock entitled to vote or, in the case of a corporation or other entity not issuing shares of stock, has the authority to elect or appoint a majority of the board of directors or equivalent body of such corporation or other entity."

78 Stat. 827.
26 USC 4916.

(3) Section 4916 (a) is amended—

(A) by inserting "or" after the semicolon at the end of paragraph (2);

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

(C) by striking out paragraph (4).

Effective date.

(4) The amendments made by this subsection shall apply with respect to acquisitions made after the date of the enactment of this Act.

(c) FOREIGN MINERAL FACILITIES.—

78 Stat. 813;
81 Stat. 158;
83 Stat. 263.

(1) Section 4914 (c) (5) is amended by adding at the end thereof the following new sentence: "For purposes of subparagraph (B), if the proceeds of the loan are to be used by the foreign obligor (or by a person controlled by, or controlling, the foreign obligor) for additional facilities, the substantial portion requirement contained in such subparagraph, and the one-half of the percentage of cost requirement contained in the last sentence of such subparagraph, shall be treated as satisfied with respect to such loan if it is established that an additional amount of ores or minerals (or derivatives thereof) extracted outside the United States by the United States person, or otherwise taken into account for purposes of such subparagraph, will be stored, handled, transported, processed, or serviced in the existing and additional facilities of such foreign obligor or person, and that, with respect to such additional facilities, such additional amount fulfills such substantial portion requirement or such one-half of the percentage of cost requirement, as the case may be."

Effective date.

(2) The amendment made by paragraph (1) shall apply with respect to acquisitions made after the date of the enactment of this Act.

(d) SALES OR LIQUIDATIONS OF FOREIGN SUBSIDIARIES.—

79 Stat. 957.

(1) Section 4914 (g) (1) is amended—

(A) by striking out "all of the outstanding stock, except for qualifying shares, of a foreign corporation" in subparagraph (A) and inserting in lieu thereof "all of the outstanding stock of a foreign corporation held by such United States person (and such includible corporations)";

(B) by striking out "all of the outstanding stock of which, except for qualifying shares, is owned by such United States person (or by one or more such includible corporations)" in subparagraph (B); and

(C) by adding at the end thereof (after and below subparagraph (C)) the following new sentence:

"Subparagraph (A) or (B) shall apply only if, immediately prior to the sale or liquidation involved, the United States person (or one or more includible corporations in an affiliated group, as defined in section 1504, of which such person is a member) owns (directly or indirectly) 10 percent or more of the total combined

68A Stat. 369.

voting power of all classes of stock of the foreign corporation; and, for purposes of this sentence, stock owned (directly or indirectly) by or for a foreign corporation shall be considered as being owned proportionately by its shareholders.”

(2)(A) Section 4914(b)(10) is amended by striking out “WHOLLY OWNED” in the heading, and by striking out “a wholly owned foreign corporation” and inserting in lieu thereof “a foreign corporation”.

79 Stat. 957.
26 USC 4914.

(B) Section 4914(g) is amended by striking out “WHOLLY OWNED” in the heading.

78 Stat. 1813.

(3) The amendments made by this subsection shall apply with respect to acquisitions made after the date of the enactment of this Act.

Effective date.

(e) DIRECT INVESTMENTS IN CERTAIN LENDING AND FINANCING CORPORATIONS.—

(1) Section 4915 is amended—

78 Stat. 824;
83 Stat. 267.

(A) by striking out subsection (c)(3), and

(B) by adding at the end thereof the following new subsection:

“(e) SPECIAL RULE FOR INVESTMENTS IN CERTAIN LENDING AND FINANCING CORPORATIONS.—

“(1) IN GENERAL.—For purposes of this chapter, a corporation described in paragraph (2) shall be treated as a foreign corporation which is not formed or availed of for the principal purpose described in subsection (c)(1) with respect to an acquisition of its stock or debt obligations, if it is established to the satisfaction of the Secretary or his delegate, pursuant to regulations prescribed by the Secretary or his delegate, that—

“(A) (i) the amounts received by the corporation as a result of the acquisition will not be used to acquire stock of foreign issuers or debt obligations of foreign obligors or utilized in any way outside of the United States, or (ii) the funds used for such acquisition were obtained from sources outside the United States; and

“(B) such information and records with respect to the corporation as are necessary for the administration of this chapter will be made available to the Secretary or his delegate.

“(2) CORPORATIONS.—The corporations referred to in paragraph (1) are—

“(A) a domestic corporation described in section 4920(a)(3)(C),

81 Stat. 160.

“(B) a domestic corporation which is a qualified lending and financing corporation (as defined in section 4920(d)) during any period during which an election under section 4920(a)(3B) is in effect, and

Post, p. 18.

“(C) a foreign corporation which is a qualified lending and financing corporation (as defined in section 4920(d)) and has given notice to the Secretary or his delegate of its status as such a corporation.

“(3) MISUSE OF AMOUNTS RECEIVED.—In any case in which paragraph (1) applied to an acquisition of stock or debt obligations and—

“(i) the amounts received by the corporation whose stock or debt obligations were acquired as a result of such acquisition are (before the termination date specified in section 4911(d)) used to acquire stock of foreign issuers or debt obligations of foreign obligors or utilized in any other way outside of the United States in violation of the regulations prescribed under paragraph (1), or

Ante, p. 13.

78 Stat. 809;
83 Stat. 262,
26 USC 4911.

83 Stat. 264.

Definitions.

“Qualified lending or financing corporation.”

“(ii) information or records with respect to the corporation, which the Secretary or delegate has determined (before such termination date) necessary for the administration of this chapter, are not, after reasonable notice, made available to the Secretary,

then liability for the tax imposed by section 4911 shall be incurred by the acquiring corporation (with respect to such acquisition) at the time such amounts are so used or such information or records are not so made available; and the amount of such tax shall be equal to the amount of tax for which the acquiring corporation would have been liable under such section upon its acquisition of the stock or debt obligations involved if paragraph (1) had not applied to such acquisition.”

(2) Section 4920(a) (3B) is amended to read as follows:

“(3B) CERTAIN DOMESTIC LENDING OR FINANCING CORPORATIONS.—

“(A) IN GENERAL.—The terms ‘foreign issuer’, ‘foreign obligor’, and ‘foreign issuer or obligor’ also mean a domestic corporation which is a qualified lending or financing corporation (as defined in subsection (d)) and which elects to be treated, for purposes of this chapter, as a foreign issuer and foreign obligor.

“(B) ELECTION.—An election under subparagraph (A) shall be made in such manner as the Secretary or his delegate prescribes by regulations. Any such election shall be effective as of the date thereof and shall remain in effect until revoked. If, at any time, the corporation ceases to be a qualified lending or financing corporation, the election shall thereupon be deemed revoked. When an election is revoked, no further election may be made. If an election is revoked, the corporation shall incur liability at the time of such revocation for the tax imposed by section 4911 with respect to all stock or debt obligations which were acquired by it during the period for which the election was in effect and which are held by it at the time of such revocation; and the amount of such tax shall be equal to the amount of tax for which the corporation would be liable under such section if it had acquired such stock or debt obligations immediately after such revocation.”

(3) Section 4920(d) is amended to read as follows:

“(d) QUALIFIED LENDING AND FINANCING CORPORATIONS.—For purposes of this chapter, the term ‘qualified lending or financing corporation’ means a corporation—

“(1) substantially all of the business of which consists of—

“(A) making loans (including the acquisition of obligations arising under a lease which is entered into principally as a financing transaction),

“(B) acquiring accounts receivable, notes, or installment obligations arising out of the sale of tangible personal property or the performance of services,

“(C) leasing tangible personal property (but only if such leasing accounts for less than 50 percent of its business),

“(D) servicing debt obligations,

“(E) carrying on incidental activities in connection with its business described in subparagraphs (A), (B), (C), or (D), or

“(F) any combination of the foregoing;

“(2) all debt obligations of foreign obligors acquired by such corporation, and all tangible personal property not manufactured

or produced in the United States acquired by such corporation for leasing, are acquired and carried solely out of—

“(A) the proceeds of the sale (including a sale in a transaction described in section 4919(a)(1)) by such corporation (or by a domestic corporation described in section 4912(b)(3) which is a member of a controlled group, as defined in section 48(c)(3)(C), of which such corporation is a member) of debt obligations of such corporation (or such domestic corporation) to persons other than—

78 Stat. 833.
26 USC 4919.

83 Stat. 603.

“(i) a United States person (not including a foreign branch of a domestic corporation or of a domestic partnership, if such branch is engaged in the commercial banking business and acquires such debt obligations in the ordinary course of such commercial banking business),

“(ii) a foreign partnership in which such corporation (or one or more includible corporations in an affiliated group, as defined in section 1504, of which such corporation is a member) owns directly or indirectly (within the meaning of section 4915(a)(1)) 10 percent or more of the profits interest, or

68A Stat. 369.

78 Stat. 824.

“(iii) a foreign corporation, if such corporation (or one or more includible corporations in an affiliated group, as defined in section 1504, of which such corporation is a member) owns directly or indirectly (within the meaning of section 4915(a)(1)) 10 percent or more of the total combined voting power of all classes of stock of such foreign corporation, except to the extent such foreign corporation has, after having given advance notice to the Secretary or his delegate, sold its debt obligations to persons other than persons described in clauses (i) and (ii) and this clause and is using the proceeds of the sale of such debt obligations to acquire the debt obligations of such corporation (or such other domestic corporation),

“(B) the proceeds of payment for stock, or a contribution to the capital of such corporation, if the payment or contribution was derived from the sale of debt obligations by one or more members of a controlled group (as defined in section 48(c)(3)(C)) of which such corporation is a member (or by a corporation which would be such a member if it were a domestic corporation) to persons other than persons described in clauses (i), (ii), and (iii) of subparagraph (A) and such debt obligations, if acquired by United States persons, would be subject to the tax imposed by section 4911,

78 Stat. 809;
83 Stat. 262.

“(C) retained earnings and reserves of such corporation to the extent attributable to the conduct of the lending or financing business outside the United States, or

“(D) trade accounts and accrued liabilities, to the extent attributable to the conduct of the lending or financing business outside the United States, which are payable by such corporation within 1 year (3 years in the case of tax liabilities) from the date they were incurred or accrued, and which arise in the ordinary course of the trade or business of the corporation otherwise than from borrowing;

“(3) such corporation does not acquire any stock of foreign issuers or of domestic corporations or domestic partnerships other than stock of one or more members of a controlled group (as defined in section 48(c)(3)(C)) of which such corporation is a member (or of a corporation which would be a member if it were

a domestic corporation) acquired as payment for stock, or as a contribution to capital, of such corporation; and

“(4) such corporation, in a manner satisfactory to the Secretary or his delegate, identifies the certificates representing its stock and debt obligations and maintains such records and accounts and submits such reports and other documents as may be necessary to establish that the requirements of the foregoing paragraphs have been met.”

Effective date.

(4) The amendments made by paragraph (1) shall apply with respect to acquisitions made after the date of the enactment of this Act. The amendments made by paragraphs (2) and (3) shall take effect on the day after such date.

Ante, p. 18.

(5) For purposes of section 4920(a) (3B) of the Internal Revenue Code of 1954 (as amended by paragraph (2)) an election made under section 4920(d) of such Code (as in effect on the date of the enactment of this Act) shall be treated as an election made under such section 4920(a) (3B). For purposes of section 4915(e) (2) (C) of such Code (as amended by paragraph (1)), notice given under section 4915(c) (3) of such Code (as in effect on the date of the enactment of this Act) shall be treated as notice given under section 4915(e) (2) (C).

Ante, p. 17.

(f) EXTENSION OF RESALE PERIOD FOR DEALERS IN FOREIGN SECURITIES.—

78 Stat. 833.
26 USC 4919.

(1) Section 4919(a) is amended by adding at the end thereof the following new sentence: “The President may by Executive order (which shall be applicable for such period and subject to such conditions as may be specified therein) extend the period of two business days specified in subparagraphs (A) and (B) of paragraph (3) to not to exceed 13 calendar days in the case of acquisitions made for customers and not for investment purposes, but any such extension shall be applicable only in cases where the acquiring dealer has submitted to the Secretary or his delegate in advance a satisfactory procedure for identifying which of his acquisitions are for customers and which are for investment purposes.”

(2) Section 4919(b) (1) is amended—

(A) by striking out the period at the end of clause (B) and inserting in lieu thereof “, and”; and

(B) by inserting after clause (B) the following new clause:

“(C) in any case to which subparagraph (A) or (B) of subsection (a) (3) applies and which involves a sale or acquisition occurring after the expiration of the two-business-day period specified therein, establishes that the sale or acquisition complied with the applicable Executive order issued under the last sentence of subsection (a) and that the procedure submitted under such sentence was followed.”

Effective date.

(3) The amendments made by this subsection shall apply with respect to acquisitions made after the date of the enactment of this Act.

(g) FAILURE OF FOREIGN CORPORATION TO FILE NOTICE RESPECTING ISSUANCE OF ADDITIONAL SHARES.—

79 Stat. 963.

(1) Section 4920(b) (2) is amended by adding at the end thereof the following new sentence: “Upon application by the issuing corporation within 2 years after the date on which additional shares described in the second sentence of this paragraph were issued, the Secretary or his delegate may waive the 15-day requirement set forth in subparagraph (D) (v) with respect to such additional shares if it is shown that the issuing corporation failed

to file the notice required by such subparagraph due to inadvertence and not with an intent to avoid the requirements of this chapter.”

(2) The requirement in the last sentence of section 4920(b) (2) (as added by paragraph (1) of this subsection) that the issuing corporation make its application within 2 years after the date on which additional shares were issued in order to qualify for a waiver shall be deemed satisfied, in any case in which such 2-year period has elapsed before the expiration of 60 days after the date of the enactment of this Act, if the issuing corporation involved makes the application within such 60-day period.

(3) The amendment made by paragraph (1) shall take effect on the date of the enactment of this Act.

Effective date.

(h) CERTAIN MUTUAL FUNDS.—

(1) Section 4920 is amended—

78 Stat. 835.
26 USC 4920.

(A) by inserting “subject to the provisions of subsection (e),” before “a domestic corporation which” in subsection (a) (3) (B);

(B) by inserting after “If, at the close of any succeeding quarter,” in subsection (a) (3) (B) the following: “15 percent or more in value of the outstanding stock of the company is owned, directly, or indirectly (within the meaning of section 4915(a) (1)), by one person, or”; and

78 Stat. 824.

(C) by redesignating subsection (e) as (f), and by inserting after subsection (d) the following new subsection:

Ante, p. 18.

“(e) CERTAIN MUTUAL FUNDS.—Notwithstanding subsection (a)

(3) (B), a domestic corporation described in such subsection shall not be treated as a ‘foreign issuer’, ‘foreign obligor’, or ‘foreign issuer or obligor’ with respect to any acquisition of stock or a debt obligation which is attributable to funds obtained by borrowing or through issuance of its stock after March 24, 1971.”

Effective date.

(2) The amendments made by paragraphs (1) (A) and (C) shall apply with respect to acquisitions made after March 24, 1971. The amendment made by paragraph (1) (B) shall take effect on the date of the enactment of this Act.

(i) DEBT OBLIGATIONS WITH MATURITY OF LESS THAN A YEAR.—

26 USC 4911.

(1) Subchapter A of chapter 41 is amended by adding at the end thereof the following new section:

“SEC. 4921. DEBT OBLIGATIONS WITH MATURITY OF LESS THAN A YEAR.

“(a) STANDBY AUTHORITY.—

“(1) IN GENERAL.—If the President of the United States determines, after taking into account the domestic economic objectives, the balance of payments objectives, and the other international economic objectives of the United States, that it is desirable to apply the tax imposed by section 4911 to the acquisition of debt obligations of foreign obligors having a period remaining to maturity of less than 1 year, he may, from time to time by Executive order (applicable as provided in subsection (c)), extend the application of such tax, at such rate or rates (subject to the provisions of subsection (b)) specified in such order, to the acquisition of such debt obligations specified in such order. The authority conferred by this paragraph may be exercised, at the discretion of the President, with respect to any classification of such debt obligations specified in paragraph (2), and with respect to acquisitions occurring during such period of time, as may be specified in the Executive order. The President may by subsequent Executive order terminate or modify any Executive order previously issued under this section.

78 Stat. 809;
83 Stat. 262.

"(2) CLASSIFICATIONS.—For purposes of paragraph (1), debt obligations may be classified according to—

"(A) type of debt obligation,

"(B) period of maturity,

"(C) category of obligee,

"(D) category of obligor,

"(E) aggregate amounts subject to tax or not subject to tax, or

"(F) other criteria similar to any of the foregoing.

"(b) RATES OF TAX.—The rates of tax which may be specified in an Executive order issued under this section shall not exceed the rate applicable to debt obligations having a period remaining to maturity of at least 1 year, but less than 1¼ years.

"(c) APPLICABILITY OF EXECUTIVE ORDER.—Any Executive order issued under this section shall apply with respect to acquisitions made after the date on which such Executive order is issued, except that in the case of any such order which subjects acquisitions to the tax which are not then subject to the tax, or which increases a rate of tax (as in effect without regard to such order), to the extent specified in such order, rules similar to the rules prescribed in paragraphs (2), (3), and (4) of section 3(c) of the Interest Equalization Tax Extension Act of 1967 shall apply.

"(d) REGULATIONS.—The Secretary or his delegate may prescribe such regulations (not inconsistent with the provisions of this section or any Executive order issued and in effect under this section) as may be necessary to carry out the provisions of this section."

(2) The table of sections for subchapter A of chapter 41 is amended by adding at the end thereof the following new item:

"Sec. 4921. Debt obligations with maturity of less than a year."

(j) PENALTY FOR FAILURE TO FILE QUARTERLY RETURN OR REMIT TAX.—

(1) Section 6651 is amended by adding at the end thereof the following new subsection:

"(e) CERTAIN INTEREST EQUALIZATION TAX RETURNS.—The provisions of this section shall apply with respect to returns of amounts withheld under section 4918(e)(7) (relating to withholding of interest equalization tax by participating firms) in the same manner and to the same extent as they apply with respect to returns specified in subsection (a)(1)."

(2) Section 6680 is amended—

(A) by inserting "(a) IN GENERAL.—" immediately before "In addition"; and

(B) by adding at the end thereof the following new subsection:

"(b) CROSS REFERENCE.—

"For additions and penalties in case of failure to file interest equalization tax returns or pay or remit, see section 6651."

(3) The amendments made by this subsection shall apply with respect to returns required to be filed on or after the date of the enactment of this Act.

(k) ELIMINATION OF KNOWLEDGE REQUIREMENT REGARDING FILING OF FALSE INTEREST EQUALIZATION TAX CERTIFICATES.—

(1) Section 6681(a) is amended—

(A) by striking out "knowingly"; and

(B) by striking out "shall be liable" and inserting in lieu thereof "shall, unless it is shown that such action is due to reasonable cause and not due to willful neglect, be liable".

81 Stat. 145,
26 USC 4911
note.

83 Stat. 727.

81 Stat. 148.

83 Stat. 268.

Effective date.

81 Stat. 155,
176.

(2) Section 6681(b) (1) is amended—

(A) by striking out “A participating firm” and inserting in lieu thereof “Unless it is shown that such action is due to reasonable cause and not due to willful neglect, a participating firm”; and

(B) by striking out “knowingly”.

(3) Section 6681(b) (2) is amended—

(A) by striking out “A participating firm” and inserting in lieu thereof “Unless it is shown that such action is due to reasonable cause and not due to willful neglect, a participating firm”; and

(B) by striking out “knowingly” each place it appears.

(4) The amendments made by this subsection shall apply with respect to actions occurring after the date of the enactment of this Act.

Approved April 1, 1971.

81 Stat. 155.
26 USC 6681.

Effective date.

Public Law 92-10

AN ACT

To amend the tobacco marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended.

April 14, 1971
[S. 789]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Adjustment Act of 1938, as amended, hereinafter referred to as the “Act”, is amended by adding immediately following section 318 a new section 319 to read as follows:

Burley tobacco.
Marketing
quotas.
52 Stat. 31;
81 Stat. 120.
7 USC 1281,
1314d.

“FARM POUNDAGE QUOTAS FOR BURLEY TOBACCO

“SEC. 319. (a) Notwithstanding any other provision of law, the Secretary shall, within thirty days following the enactment of this section, proclaim national marketing quotas for burley tobacco for the three marketing years beginning October 1, 1971, and determine and announce the amount of the marketing quota for burley tobacco for the marketing year beginning October 1, 1971, as provided in this section.

“Within thirty days following such proclamation, the Secretary shall conduct a referendum of the farmers engaged in the production of the 1970 crop of burley tobacco to determine whether they favor or oppose the establishment of farm marketing quotas on a poundage basis as provided in this section for the three marketing years beginning October 1, 1971. If the Secretary determines that two-thirds or more of the farmers voting in such referendum approve marketing quotas on a poundage basis, marketing quotas as provided in this section shall be in effect for those three marketing years. If marketing quotas on a poundage basis are not approved by at least two-thirds of the farmers voting in such referendum, no marketing quotas or price support for burley tobacco shall be in effect for the marketing year beginning October 1, 1971. Thereafter, the provisions of section 312 of the Act shall apply: *Provided*, That national marketing quotas for burley tobacco for any marketing year subsequent to the marketing year beginning October 1, 1971, shall be proclaimed as provided in this section.

Referendum.

69 Stat. 557;
70 Stat. 330.
7 USC 1312.

“(b) The Secretary shall determine and announce, not later than the February 1 preceding the second and third marketing years of any three-year period for which marketing quotas on a poundage basis