

71 Stat. 477.
7 USC 1334(h).

(4) by striking out in subsection (h) thereof the language "future State, county, and farm acreage allotments" and inserting in lieu thereof "future State and county acreage allotments except as prescribed in the provisos to the first sentence of subsections (a) and (b), respectively, of this section".

Approved April 4, 1958.

Public Law 85-367

AN ACT

To amend section 512 of the Internal Revenue Code of 1954.

April 7, 1958
[H. R. 8268]

Taxes.
Unrelated busi-
ness taxable in-
come.
68A Stat. 171.
26 USC 512(b).

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 512 (b) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new paragraph:

"(13) In the case of a trust—

"(A) created by virtue of the provisions of the will of an individual who died after August 16, 1954, and before January 1, 1957,

"(B) which, by virtue of the provisions of such will, is a limited partner in a partnership created under the laws of a State (i) providing for the creation of limited partnerships, and (ii) under which a limited partner has no right to take part in the control of the business without becoming liable as a general partner,

"(C) which, at no time before or during a taxable year of the partnership ending within or with the taxable year of the trust, was (or was liable as) a general partner in such partnership, and

"(D) which is required to distribute all of its income (within the meaning of section 643 (b)) currently exclusively for religious, charitable, scientific, literary, or educational purposes, and which is required to distribute all of the corpus exclusively for such purposes,

there shall be excluded its share (determined under subsection (c) without regard to this paragraph and paragraph (11)) of gross income of the partnership as such limited partner and of the partnership deductions directly connected with such income, but, if such share of gross income exceeds such share of deductions, only to the extent that the partnership makes distributions during its taxable year which are attributable to such gross income. For purposes of the preceding sentence (i) any distribution made after the close of a partnership taxable year and on or before the 15th day of the fourth calendar month after the close of such taxable year shall be treated as made on the last day of such taxable year, and (ii) distributions shall be treated as attributable first to gross income other than gross income described in the preceding sentence, and shall be properly adjusted (under regulations prescribed by the Secretary or his delegate) to the extent necessary to reflect capital contributions to the partnership made by the trust, income of the partnership exempt from tax under this title, and other items."

(b) The amendment made by subsection (a) shall apply to taxable years of trusts beginning after December 31, 1955.

Approved April 7, 1958.

Effective date.