

INTERNAL REVENUE CODE OF 1954

REPORT

OF THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

TO ACCOMPANY

H. R. 8300

A BILL TO REVISE THE INTERNAL REVENUE LAWS
OF THE UNITED STATES



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The House committee report indicates that the tax concession for dividends was limited to those cases where the dividend income actually bore a substantial double tax. Your committee agrees with this reasoning and has for that reason followed the House provisions with respect to life insurance companies and mutual companies taxable under parts I and II of subchapter L. However, other insurance companies for the most part pay the full corporate tax. For that reason it was believed that the exclusion and credit should be available with respect to dividends of such companies.

It is estimated that the dividend-exclusion and dividend-received credit provided by the bill will reduce revenues by \$243 million in the fiscal year 1955.

B. Retirement Income Credit (sec. 37)

(1) House changes accepted by committee

Under existing law, benefits payable under the social security program and certain other retirement programs of the Federal Government are exempt from income tax. No similar exemption is accorded to persons receiving retirement pensions under other publicly administered programs, such as teachers, as well as persons who receive industrial pensions or provide independently for their old age. In order to adjust this differential tax treatment, the House bill grants an individual who is 65 years of age or over a credit against his tax liability equivalent to the tax, at the first bracket rate, on the amount of his retirement income up to \$1,200. Retirement income is defined to include pensions and annuities, interest, rents, and dividends. Since some types of retirement pensions are already excluded from gross income, an adjustment is made to avoid duplication. The amount of retirement income up to \$1,200 which an individual receives is to be reduced, for purposes of computing the credit, by any social security, railroad retirement, military retirement pension, or other retirement pension which is excluded from gross income. Military disability pensions or workmen's compensation payments, however, do not serve to reduce retirement income.

Since the benefit of the credit is intended for retired individuals, the bill employs substantially the same test of retirement as that adopted for social-security purposes. An individual would be permitted to earn up to \$900 a year as an employee or in self-employment without affecting the amount of the retirement credit. However, earnings in excess of \$900 reduce, dollar for dollar, the amount of retirement income on which the credit is based. If an individual's earnings equal \$2,100, he would receive no tax credit for any retirement income. This provision has been modified by your committee as described below.

The bill also adopts a work-qualifying test similar to one used for social-security purposes to determine whether an income recipient above the age of 65, who is not deriving earned income, is a person who was actually engaged in gainful employment prior to age 65. Thus, to qualify for the credit an individual must have derived earnings of at least \$600 a year in each of any 10 years prior to the taxable year. A widow whose spouse would have qualified under this requirement is herself qualified. Where a husband and wife meet this requirement, each can qualify for the retirement credit.

Income which qualifies for the retirement credit may also be the basis for other credits. Income from certain Government bonds, for example, would entitle a taxpayer to a partially tax-exempt interest credit as well as to a retirement-income credit. Hence, provision is made to avoid tax refunds by virtue of such double credit. The retirement credit may not exceed the tax computed after deducting any credit allowed with respect to foreign taxes, dividends received by individuals, and partially tax-exempt interest.

(2) Changes made by committee

In many cases, public retirement systems provide for the retirement of covered employees before the age of 65. The House bill, by limiting the retirement income credit to individuals 65 years of age or over, would exclude such persons although the purpose of the provision is to afford relief to individuals depending for their livelihood on their pensions or similar retirement payments. Your committee's bill extends the retirement income credit provided by the House bill to pensions, annuities, or similar payments received from public retirement systems by individuals less than 65 years of age.

In addition, your committee has eliminated the reduction of the amount of retirement income to which the credit may be applied for earnings in excess of \$900 a year in the case of an individual 75 years of age or over.

It is estimated that this provision will decrease revenues by \$141 million in the fiscal year 1955.

V. DEDUCTIONS IN ARRIVING AT ADJUSTED GROSS INCOME

A. Transportation Expenses (sec. 62 (2) (C))

(1) House changes accepted by committee

At present, business transportation expenses can be deducted by an employee in arriving at adjusted gross income only if they are reimbursed by the employer or if they are incurred while he was away from home overnight. Business transportation expenses not falling in these categories presently cannot be deducted unless the employee is willing to forego the use of the standard deduction and itemize all of his deductions.

Because these expenses, when incurred, usually are substantial, it appears desirable to treat employees in this respect like self-employed persons. For this reason both the House and your committee's bill permit employees to deduct business transportation expenses in arriving at adjusted gross income even though the expenses are not incurred in travel away from home or not reimbursed by the employer. Thus, employees will be able to deduct business transportation expenses and still use the standard deduction. The business transportation expenses which are deductible under this provision include only expenses for actual travel, such as payments to others for transportation or, if the individual's own car is used, the cost of gasoline, oil, auto repairs, and depreciation.

The new transportation deduction is not available for commuting expenses between home and the place of employment since these are not business expenses.

(2) Changes made by committee

None.

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DETAILED DISCUSSION OF THE TECHNICAL PROVISIONS OF THE BILL

SUBTITLE A—INCOME TAXES

CHAPTER I—NORMAL TAXES AND SURTAXES

SUBCHAPTER A—DETERMINATION OF TAX LIABILITY

PART I—TAX ON INDIVIDUALS

Section 1. Tax imposed

Subsection (a) of this section corresponds to section 1 of the bill as passed by the House.

This subsection is derived from sections 11 and 12 of the Internal Revenue Code of 1939 and imposes a tax upon taxable income through a rate schedule which combines the normal and surtax on individuals (but providing that the tax consists of the normal tax and surtax). The credit provided by section 25 (a) of such code on account of partially exempt bond interest in the computation of normal tax net income, is reflected in section 35 of the bill, as a credit against tax. Therefore, the distinction between normal tax net income and surtax net income has been eliminated, and the tax is imposed upon "taxable income" as defined in section 63 of the bill. The use of the word "imposed" rather than "levied, collected, and paid," is only a modernization of language. Specific provisions regarding payment and collection of taxes are contained in the administrative sections of this bill.

Section 1 (c) of the bill also provides that the tax shall in no event exceed 87 percent of the taxable income for the taxable year. In cases where the alternative tax is imposed under section 1201 (b), the above limit shall apply to the partial tax only, in conformity with the holding in *Charles E. Merrill v. United States* (105 Fed. Supp. 379 (Ct. Cl., 1952)).

Subsection (b) provides a special computation of tax for an individual who qualifies as head of a household. This section is the same in substance as section 12 (c) of the 1939 Code both as respects the computation of tax and the conditions for qualification. Thus, the effect of the provision is that the tax imposed in the case of such a taxpayer will be an amount approximately equal to the tax as computed under section 1 (a) reduced by one-half of the amount by which such tax exceeds the tax that would be determined if the return of the taxpayer were a joint return to which section 2 is applicable. The provisions of section 12 (c) (3) containing the definition of head of household and the provisions of section 12 (c) (4), determination of status, are retained in this subsection.

Section 2. Tax in case of joint return of husband and wife

This section corresponds to section 12 (d) of the 1939 Code and provides that in the case of a joint return of husband and wife under section 6013, the tax imposed by section 1 (a) shall be twice the tax which would be imposed if the taxable income were cut in half.

This section also corresponds to section 2 (a) of the House bill insofar as that subsection is applicable to a joint return. The remainder of section 2 of the House bill, relating to the tax in the case of head of family, has been eliminated, and the provisions of existing law providing for partial income splitting in the case of a head of household have been substituted as section 1 (b) of the bill.

Section 3. Optional tax if adjusted gross income is less than \$5,000

Section 3 corresponds to section 3 of the bill as passed by the House and to the provisions of section 400 of the 1939 Code (except that the term "alternative tax" in existing law has been changed to "optional tax" for purposes of clarity). The separate column in the tax table for heads of household which was eliminated in the House bill as a consequence of extending full income splitting to the head of a family, has been restored to accord with your committee's action in restoring existing law with respect to head of household.

Section 4. Rules for optional tax

This section, except for a clerical correction, is identical with section 4 of the bill as passed by the House.

This section provides certain rules for the optional tax imposed by section 3. These rules correspond to the provisions of sections 401, 402, 23 (aa) (4) and 404 of the 1939 Code, which are here combined for purposes of clarity. No substantive change is made.

Section 5. Cross references relating to tax on individuals

This section, like section 5 of the bill as passed by the House, contains cross references to other sections relating to (a) other rates of tax on individuals, and to (b) special limitations on tax. Two new cross references have been added.

PART II—TAX ON CORPORATIONS

Section 11. Tax imposed

This section corresponds to section 11 of the House bill.

This section, which imposes a tax on the net income of every corporation, corresponds to sections 13 and 15 of the 1939 Code except that the tax is imposed upon the "taxable income" of the corporation, the terms "normal-tax net income" and "surtax-net income" having been dropped in this revision.

This section also provides for the postponement for an additional year of the reduction of the normal tax from 30 to 25 percent. Thus, for taxable years beginning prior to April 1, 1955, the rate will be 30 percent, while for taxable years beginning after March 31, 1955, the rate will be 25 percent. The committee has made a technical amendment to make it clear that the 30 percent rate applies to taxable years beginning before April 1, 1954 and ending after March 31, 1954, without any reduction under section 108 (k) of the 1939 Code.

The provisions of section 15 (c) of the 1939 Code, relating to the disallowance of the surtax exemption of \$25,000 in certain cases, are continued and included in section 1551.

Section 12. Cross-references relating to tax on corporations

This section, containing cross-references relating to the tax on corporations, makes appropriate changes in the references in the House bill to provisions relating to limitation on surtax exemption and to those involving additional tax in case of consolidated returns, to reflect changes in the section numbers of those provisions under your committee's amendments.

PART III—CHANGES IN RATES DURING A TAXABLE YEAR

Section 21. Effect of changes

This section is identical with section 21 of the bill as passed by the House. It supersedes section 108 of the 1939 Code. This section applies to all taxpayers, including individuals and corporations. It provides a general rule applicable in any case where the rate of tax imposed upon the taxpayer is increased or decreased or the tax is repealed, and where the taxable year includes the effective date of the change, except where that date is the first day of the taxable year.

Where this section is applicable, tentative taxes are to be computed by applying the rate for the period of the taxable year before the effective date of the change, and the rate for the period of the taxable year on or after such effective date to the taxable income for the entire taxable year. The tax imposed on the taxpayer is the sum of the proportion of each tentative tax so computed which the number of days in each period, that is, the period before the effective date and the period on and after the effective date, bears to the number of days in the entire taxable year.

If a tax is repealed, the repeal will be treated as a change of rate, and the rate for the period after the repeal for the purpose of computing the tentative tax in respect of that period will be zero. If the rate of tax is changed for taxable years "beginning after" or "ending after" a certain date, the following day is the effective date of the change, and if the rate is changed for taxable years "beginning on or after" a certain date, that date is the effective date of the change for the purposes of this section.

This section does not apply to a taxable year beginning before January 1, 1954, and ending after December 31, 1953. In the case of such a taxable year section 108 (j), relating to individuals, of the 1939 Code will continue to be applicable as if this subtitle of the new code had not been enacted.

PART IV—CREDITS AGAINST TAX

Section 31. Tax withheld on wages and special refunds creditable against income tax

This section is identical with section 31 of the bill as passed by the House. For simplicity, it consolidates sections 35 and 322 (a) (4) of the 1939 Code. No substantive change is made.

But the limitations in subsection (d) provide that this amount must be reduced as follows:

Retirement income.....	\$1, 200
Less railroad-retirement pension.....	600
	<hr/>
	600
Less earned income in excess of \$900.....	400
	<hr/>
	200
	×20%
	<hr/>
Retirement income credit.....	40

Therefore, the correct tax is \$205.20 less \$40, or \$165.20.

This section will not apply if the taxpayer elects to use the "short form" return and have the tax computed by the Commissioner under section 6014.

Section 38. Overpayments of tax

This section, which is identical with section 39 of the House bill, contains a cross-reference to section 6401, relating to credit against tax imposed by this subtitle for overpayments of tax.

SUBCHAPTER B—COMPUTATION OF TAXABLE INCOME

PART I—DEFINITIONS

Section 61. Gross income defined

This section corresponds to section 61 of the bill as passed by the House, except that one clarifying change has been made in section 61 (a) (13) in order to conform that section with section 702 (c), which provides that in any case where it is necessary to determine the gross income of a partner, such amount shall include his distributive share of the gross income of the partnership.

This section corresponds to section 22 (a) of the 1939 Code. While the language in existing section 22 (a) has been simplified, the all-inclusive nature of statutory gross income has not been affected thereby. Section 61 (a) is as broad in scope as section 22 (a).

Section 61 (a) provides that gross income includes "all income from whatever source derived." This definition is based upon the sixteenth amendment and the word "income" is used as in section 22 (a) in its constitutional sense. It is not intended to change the concept of income that obtains under section 22 (a). Therefore, although the section 22 (a) phrase "in whatever form paid" has been eliminated, statutory gross income will continue to include income realized in any form. Likewise, no change is effected by the elimination of the specific reference to compensation of the President and judges of courts of the United States, and the compensation of such individuals will continue to be taxed in the same manner as that of other taxpayers. In view of the fact that certain types of income are excluded from gross income by other sections of the income tax subtitle of the new code, section 61 (a) contains a clause excepting such income from the general definition of gross income.

After the general definition there has been included, for purposes of illustration, an enumeration of 15 of the more common items constituting gross income. It is made clear, however, that gross income

is not limited to those items enumerated. Thus, an item not named specifically in paragraphs (1) through (15) of section 61 (a) will nevertheless constitute gross income if it falls within the general definition in section 61 (a).

Section 62. Adjusted gross income defined

This section corresponds to section 62 of the bill as passed by the House and to section 22 (n) of the 1939 Code.

Several clarifying changes have been added by your committee to conform to other provisions of the bill. Paragraph (1) corresponds to paragraph (1) of section 22 (n) of the Code of 1939. No substantive change is made.

Paragraph (2) sets out those deductions relating to certain trade or business expenses which are allowed to employees in computing their adjusted gross income. Subparagraph (2) (A) (reimbursed expenses) corresponds to paragraph (3) of section 22 (n) of the code of 1939 and subparagraph (2) (B) (expenses for travel away from home) corresponds to paragraph (2) of section 22 (n) of the code of 1939 except for a change in the title. No substantive changes are made in either of these subparagraphs. Two new deductions for employees have been added in paragraph (2); transportation expenses (added by subpar. (C)), and outside salesman's expenses (added by subpar. (D)).

Transportation expenses which are "ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business" and are not "personal, living or family expenses," are allowed as a deduction under subparagraph (C) from gross income in arriving at adjusted gross income. The term "transportation" is a narrower concept than "travel" and does not include meals and lodging but includes only the cost of transporting the employee from one place to another when he is not away from home in a travel status. If the employee is away from home in a travel status his expenses would be deductible under subparagraph (B). The transportation expenses under this subparagraph include not only the cost of transportation actually purchased by the taxpayer but also those expenses for transportation which he incurs in connection with his employment. For example, if an employee uses his own automobile to deliver merchandise locally for his employer, he will be able to deduct a pro rata share of the expenses of operating his automobile. Thus, he may deduct the cost of gasoline, oil, and similar expenses as well as depreciation attributable to such use, if he is not reimbursed for these expenses.

All expenses deductible under this section must, of course, be allowable expenses under part VI. Thus, transportation expenses do not include the expense of commuting to and from work. The latter expense constitutes a personal living expense and is never deductible.

Outside salesman's expenses are provided for in subparagraph (D). Under this subparagraph expenses which are ordinary and necessary expenses paid or incurred during the taxable year in carrying on a trade or business as an "outside salesman" will be deductible in arriving at adjusted gross income. An "outside salesman" is an individual who is a full-time salesman who solicits business away from his employer's place of business. It does not include a salesman, a principal part of whose activities consist of service and delivery. Thus, a bread driver-salesman or a milk driver-salesman would not

be included within the definition. Also not within the definition are salesmen whose principal activities consist of selling at the employer's place of business but who incidentally make outside calls and sales. (These salesmen are eligible, however, for a deduction of transportation expenses under subparagraph (C).) Outside salesmen who have incidental activities at the employer's place of business, such as writing up and transmitting orders, spending short periods at the employer's place of business to make or receive telephone calls, will still be eligible for the deduction allowed to "outside salesmen." A full-time "outside salesman" may deduct such expenses as those for telephone and telegraph, secretarial help, and entertainment.

Paragraph (3) corresponds to section 22 (n) (7) of the 1939 Code. Paragraph (4) corresponds to section 22 (n) (6) of the 1939 Code. Paragraph (5) corresponds to section 22 (n) (4) of the 1939 Code. Paragraph (6) corresponds to section 22 (n) (5) of the 1939 Code. No substantive change is made in these provisions.

The last sentence of section 62 contains a prohibition against double deductions for the same expenditures. This, of course, is the general rule throughout the code and is placed here only for clarity as some expenditures may fit into more than one category.

Section 63. Taxable income defined.

This section is identical with section 63 of the bill as passed by the House. It is derived generally from section 21 of the 1939 Code. Taxable income is defined in subsection (a) as "gross income" minus the deductions allowed by this chapter, other than the standard deduction. Subsection (b) provides that in the case of individuals electing the standard deduction "taxable income" means "adjusted gross income" minus the standard deduction and the deduction for personal exemptions.

This change of the term "net income" as used in section 21 of the 1939 Code to "taxable income" creates a new concept. It eliminates terms such as "normal tax net income," "surtax net income" in the case of individuals, and "adjusted net income," "normal tax net income" and "corporation surtax net income" in the case of corporations and "net income" for both individuals and corporations. The change in language clarifies the tax base. It eliminates the necessity for credits against net income and exemptions which become deductions in arriving at "taxable income" for both corporations and individuals.

PART II—ITEMS SPECIFICALLY INCLUDED IN GROSS INCOME

Section 71. Alimony and separate maintenance payments

This section corresponds to section 71 of the House bill and to section 22 (k) of the 1939 Code.

Section 22 (k) provides that there be included in the wife's gross income periodic payments received from her husband subsequent to a decree of divorce or separate maintenance if such payments are received in discharge of a legal obligation imposed on the husband under the decree or under a written instrument incident to the divorce or separation. This general rule is contained in section 71 (a) (1), and additional rules contained in section 22 (k) relating to payments to support minor children and the treatment of payments of a principal sum in installments are contained in subsections (b) and (c).

Subsection (a) (2) of the House bill extends the principles of section 22 (k) to provide that there shall also be included in the wife's gross income periodic payments received from her husband subsequent to a written separation agreement if such payments are made pursuant to the terms of such agreement and because of the marital or family relationship. The periodic payments received under such agreement are includible in the wife's gross income whether or not the agreement is an instrument enforceable in a court of law. This provision, however, does not apply if the husband and wife file a single return jointly.

Under the House bill subsection (a) (2) was applicable to payments under agreements entered into in the past. Your committee's amendment would apply the subsection only to payments under agreements executed after the date of enactment of the bill.

Your committee has also added subsection (a) (3) to provide for the inclusion in the wife's gross income of periodic payments (whether or not made at regular intervals) received under a court decree (entered after the date of enactment of the bill) which requires the husband to make the payments for the support or maintenance of the wife. Subsection (a) (3) is applicable only if the wife is separated from her husband, but such separation need not be under a decree nor need the payments be made to enforce a written separation agreement. This paragraph also is not applicable if the husband and wife make a single return jointly.

Section 72. Annuities: Certain proceeds of endowment and life-insurance contracts

This section corresponds to section 72 of the House bill and to the portion of section 22 (b) (2) of the 1939 Code, which prescribes the methods of taxation of the proceeds of life insurance and endowment contracts (paid other than by reason of the death of the insured) and of annuities. In general, the section would make the following major changes from existing law:

(1) Where proceeds of a life insurance (paid other than by reason of the death of the insured), endowment, or annuity contract are received in a lump sum, the tax is computed as though the proceeds were received during a 3-year period in accordance with the principles of sections 1301 and 1302.

(2) Where proceeds of an endowment contract are received in installments, the method of taxation would be the same as in the case of an annuity.

(3) In the case of amounts received as an annuity (other than certain employee annuities), the proportionate part of each payment which is to be considered a return of investment (and thus excludable from gross income) is to be determined by the ratio which the investment in the contract bears to the expected return under the contract. The investment in the contract will be determinable from actuarial tables to be provided by the Secretary or his delegate. Once determined for a particular contract the excludable portion of the payment remains fixed despite the fact that the individual may die before or after his life expectancy. This replaces the method provided in existing

PART IV—STANDARD DEDUCTION FOR INDIVIDUALS

Section 141. Standard deduction

Section 141, which is identical with section 141 of the bill as passed by the House, corresponds to section 23 (aa) (1) of the 1939 Code, relating to the optional standard deduction for individuals. No substantive change has been made.

Section 142. Individuals not eligible for standard deduction

This section is identical with section 142 of the bill as passed by the House. It corresponds to sections 23 (aa) (4) and (5) of the 1939 Code. No substantive change is made.

Section 143. Determination of marital status

This section is identical with section 143 of the bill as passed by the House. It corresponds to section 23 (aa) (6) of the 1939 Code. No substantive change has been made.

Section 144

This section is identical with section 144 of the House bill which made no changes from present law.

Section 145. Cross-reference

This section is identical with section 145 of the House bill and contains a cross-reference to section 36, disallowing certain credits in the case of individuals electing the standard deduction.

PART V—DEDUCTIONS FOR PERSONAL EXEMPTIONS

Section 151. Allowance of deductions for personal exemptions

This section corresponds to section 151 of the House bill and to section 25 (b) (1) of the 1939 Code.

Subsection (a) provides that the exemption provided by this section shall be allowed as deductions in computing taxable income. This is a change from section 25 (b) of the 1939 Code which provided that the personal exemption should be a credit against net income.

Subsection (b) corresponds to section 25 (b) (1) (A) of the 1939 Code; subsection (c) corresponds to section 25 (b) (1) (B) of the 1939 Code; subsection (d) corresponds to section 25 (b) (1) (c) of the 1939 Code. No substantive changes are made in these provisions.

Subsection (e) deals with exemptions for dependents. It provides a \$600 deduction for each dependent (as defined in section 152) whose gross income is less than \$600 or who is the child of the taxpayer and has not reached the age of 19 or who is a student. This section corresponds to section 25 (b) (1) (D). However, under this section a child (a son, daughter or stepchild as defined in section 152) of the taxpayer may have gross income of more than \$600 and the taxpayer may still be entitled to an exemption for him if he is under 19 years of age or is a student. A student is defined as an individual who during each of 5 calendar months during the calendar year in which the taxable year of the taxpayer begins (A) is a full-time student at an educational institution; or (B) is pursuing a full-time course of institutional on-farm training under the supervision of an accredited agent of an educational institution or of a State or political subdivision of a State. (The extension of the provision to on-farm training is added by your committee.)

The student at an educational institution must be a full-time student; that is, he must be enrolled for the number of hours or courses which is considered to be full-time attendance for some part of 5 calendar months. A student who attends school from February through some part of the month of June will thus qualify, or one who is enrolled for the months of February through May and then September through December will also qualify as the 5 calendar months during the calendar year need not be consecutive. Full-time attendance, of course will not include attendance at night school while holding a job during the day; this will be considered as part-time attendance.

The term "educational institution" means a school maintaining a regular faculty and established curriculum and having an organized body of students in attendance. It means primary and secondary schools, preparatory schools, colleges, universities, normal schools, technical and mechanical schools and the like, but does not include noneducational institutions, correspondence schools, on the job training, night schools and the like.

Section 152. Dependent defined

This section, except for one minor change, corresponds to section 152 of the House bill. It corresponds to section 25 (b) (3) of the 1939 Code but has several new provisions.

Subsection (a) corresponds to the first sentence in section 25 (b) (3) of the 1939 Code. It defines a dependent as in section 25 (b) (3) of the Code of 1939 as an individual, described in paragraphs 1 to 8 (subparagraphs A through H of section 25 (b) (3) of the 1939 Code) over one-half of whose support (for the calendar year in which the taxable year of the taxpayer begins) is received from the taxpayer. No substantive change is made as to such paragraphs. To the list of eligible individuals is added a ninth classification—any individual who is a member of the taxpayer's household and whose principal place of abode for the taxable year of the taxpayer is the home of the taxpayer, and a tenth classification—an individual who is a cousin of the taxpayer and who, for the taxable year of the taxpayer requires institutional care because of physical or mental disability and before receiving such care was a member of the same household as the taxpayer.

Paragraph (9) is intended to apply only when the taxpayer and such other members of his household live together in such household during the entire taxable year (except for temporary absences due to special circumstances). The fact that such individual may be at college during the college term does not prevent the home of the taxpayer from also constituting the principal place of abode of such individual. However, such home will not be considered as the principal place of abode where the child establishes a separate habitation and only returns for periodic visits. Similarly, such home will not be considered as constituting the principal place of abode of a dependent of the taxpayer who is supported by the taxpayer for a part of the year in lodgings other than those occupied by the taxpayer even though such person may at various periods live in the household, unless the residence of the dependent in other lodgings is due to necessity such as illness. It is also intended that the household constitute the actual place of abode of the taxpayer and it is not sufficient that the taxpayer maintain the household without being