

in excess of 30 per centum of the combined total for such year of the respective quantities ascertained in such investigation, it shall so report to the President. If the President approves the report of the Commission, he shall so proclaim, and on and after the day following the filing of such proclamation with the Division of the Federal Register and so long as any trade agreement entered into under the authority of section 350 of the Tariff Act of 1930, as amended, shall be in effect with respect to the importation into the United States of red cedar shingles, there shall be a duty upon imported red cedar shingles entered for consumption, or withdrawn from warehouse for consumption, in any calendar year in excess of 30 per centum of the annual average for the preceding three calendar years of the combined total of the quantity of such shingles shipped by producers in the United States and of the quantity of such imported shingles entered for consumption, or withdrawn from warehouse for consumption. The rate of such duty shall be 25 cents per square. Any duty imposed under this Act shall be treated for the purposes of all provisions of law relating to customs revenue as a duty imposed by the Tariff Act of 1930, and shall not apply to shingles entered for consumption before the duty becomes applicable.

(c) The quantity of red cedar shingles entitled to exemption from any duty imposed pursuant to this Act shall be ascertained for each quota period by the Commission and reported to the Secretary of the Treasury.

Approved, July 1, 1940.

[CHAPTER 500]

AN ACT

Amending the Bankruptcy Act with respect to the basis of property.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That effective as of June 22, 1938, section 270 of the Act entitled "An Act to establish a uniform system of bankruptcy throughout the United States", approved July 1, 1898, as amended, is amended to read as follows:

"SEC. 270. In determining the basis of property for any purposes of any law of the United States or of a State imposing a tax upon income, the basis of the debtor's property (other than money) or of such property (other than money) as is transferred to any person required to use the debtor's basis in whole or in part shall be decreased by an amount equal to the amount by which the indebtedness of the debtor, not including accrued interest unpaid and not resulting in a tax benefit on any income tax return, has been canceled or reduced in a proceeding under this chapter, but the basis of any particular property shall not be decreased to an amount less than the fair market value of such property as of the date of entry of the order confirming the plan. Any determination of value in a proceeding under this chapter shall not be deemed a determination of fair market value for the purposes of this section. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe such regulations as he may deem necessary in order to reflect such decrease in basis for Federal income-tax purposes and otherwise carry into effect the purposes of this section."

SEC. 2. Effective as of June 22, 1938, section 396 of such Act, as amended, is amended to read as follows:

"SEC. 396. In determining the basis of property for any purposes of any law of the United States or of a State imposing a tax upon income, the basis of the debtor's property (other than money) or of such property (other than money) as is transferred to any person

Approval by proclamation.

48 Stat. 943.
19 U. S. C. § 1351;
Supp. V, § 1351.
Duty.

Exemption of prior importations.

Quantity exempt from duty; report.

July 1, 1940
[H. R. 9864]
[Public, No. 699]

Bankruptcy Act of 1898, amendments.
52 Stat. 904.
11 U. S. C., Supp. V, § 670.

Corporate reorganizations.
Determination of basis of property for income-tax purposes.

Limitation on reduction of basis.

Regulations.

52 Stat. 915.
11 U. S. C., Supp. V, § 796.

Arrangements.
Determination of basis of property for income-tax purposes.

Limitation on re-
duction of basis.

Regulations.

52 Stat. 929.
11 U. S. C., Supp.
V, § 922.

Real property ar-
rangements by per-
sons other than cor-
porations.

Determination of
basis of property for
income-tax purposes.

Limitation on re-
duction of basis.

Regulations.

required to use the debtor's basis in whole or in part shall be decreased by an amount equal to the amount by which the indebtedness of the debtor, not including accrued interest unpaid and not resulting in a tax benefit on any income-tax return, has been canceled or reduced in a proceeding under this chapter, but the basis of any particular property shall not be decreased to an amount less than the fair market value of such property as of the date of entry of the order confirming the arrangement. Any determination of value in a proceeding under this chapter shall not be deemed a determination of fair market value for the purposes of this section. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe such regulations as he may deem necessary in order to reflect such decrease in basis for Federal income-tax purposes and otherwise carry into effect the purposes of this section."

SEC. 3. Effective as of June 22, 1938, section 522 of such Act, as amended, is amended to read as follows:

"SEC. 522. In determining the basis of property for any purposes of any law of the United States or of a State imposing a tax upon income, the basis of the debtor's property (other than money) or of such property (other than money) as is transferred to any person required to use the debtor's basis in whole or in part shall be decreased by an amount equal to the amount by which the indebtedness of the debtor, not including accrued interest unpaid and not resulting in a tax benefit on any income-tax return, has been canceled or reduced in a proceeding under this chapter, but the basis of any particular property shall not be decreased to an amount less than the fair market value of such property as of the date of entry of the order confirming the arrangement. Any determination of value in a proceeding under this chapter shall not be deemed a determination of fair market value for the purposes of this section. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe such regulations as he may deem necessary in order to reflect such decrease in basis for Federal income-tax purposes and otherwise carry into effect the purposes of this section."

Approved, July 1, 1940.

[CHAPTER 501]

AN ACT

July 1, 1940
[H. R. 10058]
[Public, No. 700]

To amend the Act relating to preventing the publication of inventions in the national interest, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of Congress approved October 6, 1917 (40 Stat. 394, ch. 95, U. S. C., title 35, sec. 42), be amended to read as follows:

Withholding of pat-
ents in national inter-
est.

Proviso.
Deemed abandoned
if published, etc.

"Whenever the publication or disclosure of an invention by the granting of a patent might, in the opinion of the Commissioner of Patents, be detrimental to the public safety or defense he may order that the invention be kept secret and withhold the grant of a patent for such period or periods as in his opinion the national interest requires: *Provided*, That the invention disclosed in the application for said patent may be held abandoned upon it being established before or by the Commissioner that in violation of said order said invention has been published or disclosed or that an application for a patent therefor has been filed in a foreign country by the inventor or his assigns or legal representatives, without the consent or approval of the Commissioner of Patents.