

return in accordance with the applicable internal revenue law. The submission of evidence relative to income or profits tax in accordance with subdivisions (a) and (c) of paragraph (f)(2)(i) of this section will be considered as the making of the return required by any such law, only (i) for any taxable period, ending on or before December 31, 1946, during all or part of which all or part of the property of the taxpayer was held by the Attorney General, or (ii) for any taxable period ending within one year from the date of the first return to the taxpayer of any part of the property held by the Attorney General, whichever period ends later. In all other cases a return will be required in accordance with the applicable internal revenue law and regulations. In the case of returns where property is vested during a taxable year or period, see paragraph (d) of this section.

(2) *Estates and trusts.* In the case of estates and trusts the fiduciaries shall file returns, including information returns as required by section 147 of the Internal Revenue Code of 1939 or section 6041 of the Internal Revenue Code of 1954.

(3) *Income tax forms to be used—(i) General.* In the case of taxpayers engaged in trade or business in the United States Forms 1040B and 1120, as may be appropriate, shall be used. Where the taxpayer is not engaged in trade or business in the United States, Form M797 may be used in lieu of Forms 1040NB, 1040NB-a, and 1120NB.

(ii) *Definition.* When used in subdivision (i) of this subparagraph, the term “engaged in trade or business in the United States” includes the managing and renting of real estate in the United States by an agent of the Attorney General or of the former owner duly authorized to execute rental agreements and to pay all taxes and charges incident to the repair and maintenance of such property, but does not include the mere renting or leasing of property under agreement requiring the lessee or occupant to pay taxes and to make repairs or improvements.

§ 302.1-5 Payment of taxes.

(a) *Pursuant to tentative computations.* The amount of taxes shown by a tentative computation, shall be paid by

the Attorney General or the taxpayer, as the case may be, to the district director as soon as practicable after the tentative computation has been made. It will not be necessary, however, for the payment by the Attorney General to be made prior to the return of property if an amount sufficient to cover all internal revenue taxes is retained from the property by the Attorney General.

(b) *Pursuant to final computations.* Upon a final computation of internal revenue taxes properly payable, the amount thereof remaining unpaid shall be paid by the Attorney General to the district director as soon as practicable after the final computation has been made, or, in case the property has been returned to the former owner, by such owner. If the final computation shows that the full amount of internal revenue taxes properly payable is less than the amount previously paid, the difference shall be credited or refunded in accordance with the provisions of the regulations in this part and other applicable regulations. A final computation will not prohibit a subsequent recomputation if it is determined that the amount shown by the final computation is erroneous.

(c) *Deficiency procedure.* The Attorney General shall pay internal revenue taxes without regard to the provisions of law relating to the sending of a deficiency notice by certified or registered mail or to notice and demand.

§ 302.1-6 Interest and penalties.

(a) *Liability for interest and civil penalties.* Under subsection (d) of section 212 of the Act there is no liability for interest or penalty on account of any act or failure of the Attorney General. Such subsection is not applicable to interest or penalties payable in respect of any act or failure during the period prior to the vesting of the property by the Attorney General, or after the return of the property, or during the period during which the property was vested by the Attorney General on account of an act or omission of any person other than the Attorney General.

(b) *Adjustment.* In case of any assessment or collection, or credit or refund, of interest or a civil penalty contrary

§ 302.1-7

to section 212 (c) or (d) of the Act, proper adjustment shall be made.

§ 302.1-7 Claims for credit or refund.

(a) *Time for filing claims.* Claims for credit or refund must be filed within the period prescribed by section 322 of the Internal Revenue Code of 1939 or by section 6511 of the Internal Revenue Code of 1954, as modified by section 212(c) of the Act. Any such claim must contain a detailed statement under penalties of perjury of all the facts relied upon in support of the claim and should be filed with the district director of the district in which the tax was paid. See paragraph (f)(1) of §302.1-4 relating to final computation.

(b) *Attorney General acting for taxpayer.* Any act of the Attorney General for, or on behalf of, a taxpayer in respect of any claim under the regulations in this part will be considered as the act of such taxpayer, unless such taxpayer notifies the Commissioner in writing, by the filing of a claim for refund or credit or otherwise, that he does not ratify such act. See paragraph (b) of §302.1-4 relating to relationship of Attorney General and former owner.

(c) *Refund payable to Attorney General.* All refund of taxes paid by the Attorney General shall be made directly to that official.

PART 303—TAXES UNDER THE TRADING WITH THE ENEMY ACT

- Sec.
- 303.1 Statutory provisions; section 36, Trading With the Enemy Act.
- 303.1-1 Definitions.
- 303.1-2 Application of part.
- 303.1-3 Protection of internal revenue prior to tax determination.
- 303.1-4 Computation of taxes.
- 303.1-5 Payment of taxes.
- 303.1-6 Interest and penalties.
- 303.1-7 Claims for refund or credit.

AUTHORITY: Sec. 7805, I.R.C. 1954; 68A Stat. 917; 26 U.S.C. 7805, and sec. 36 of the Trading With the Enemy Act, as added by the Act of Aug. 8, 1946, Pub. L. 671, 79th Cong., 60 Stat. 929; 50 U.S.C. App. 36.

SOURCE: T.D. 6459, 25 FR 2953, Apr. 7, 1960, unless otherwise noted.

§ 303.1 Statutory provisions; section 36, Trading With the Enemy Act.

SEC. 36 (a) The vesting in or transfer to the Alien Property Custodian of any property or interest (other than any property or interest acquired by the United States prior to December 18, 1941), or the receipt by him of any earnings, increment, or proceeds thereof shall not render inapplicable any Federal, State, Territorial, or local tax for any period prior or subsequent to the date of such vesting or transfer, nor render applicable the exemptions provided in title II of the Social Security Act with respect to service performed in the employ of the United States Government or of any instrumentality of the United States.

(b) The Alien Property Custodian shall, notwithstanding the filing of any claim or the institution of any suit under this Act, pay any tax incident to any such property or interest, or the earnings, increment, or proceeds thereof, at the earliest time appearing to him to be not contrary to the interest of the United States. The former owner shall not be liable for any such tax accruing while such property, interest, earnings, increment, or proceeds are held by the Alien Property Custodian, unless they are returned pursuant to this Act without payment of such tax by the Alien Property Custodian. Every such tax shall be paid by the Alien Property Custodian to the same extent, as nearly as may be deemed practicable, as though the property or interest had not been vested in or transferred to the Alien Property Custodian, and shall be paid only out of the property or interest, or earnings, increment, or proceeds thereof, to which they are incident or out of other property or interests acquired from the same former owner, or earnings, increment, or proceeds thereof. No tax liability may be enforced from any property or interest or the earnings, increment, or proceeds thereof while held by the Alien Property Custodian except with his consent. Where any property or interest is transferred, otherwise than pursuant to section 9(a) or 32 hereof, the Alien Property Custodian may transfer the property or interest free and clear of any tax, except to the extent of any lien for a tax existing and perfected at the date of vesting, and the proceeds of such transfer shall, for tax purposes, replace the property or interest in the hands of the Alien Property Custodian.

(c) Subject to the provisions of subsection (b) hereof, the manner of computing any Federal taxes, including without limitation by reason of this enumeration, the applicability in such computation of credits, deductions, and exemptions to which the former owner is or would be entitled, and the time and manner of any payment of such taxes and the extent of any compliance by the Custodian with provisions of Federal law and