

62 Stat. 117.  
26 USC 812.

812 (e) (1) (D) of the Internal Revenue Code of 1939 (relating to bequests of an interest to a surviving spouse conditional on survival for a limited period) is amended by adding at the end thereof the following:

“For the purposes of subparagraph (B), an event or contingency shall not be considered an event or contingency upon the occurrence of which an interest passing to the surviving spouse will terminate or fail if—

“(iii) within six months after the date of the decedent's death, such event or contingency becomes impossible of occurrence; and

“(iv) the decedent was adjudged incompetent before April 2, 1948, and was not restored to competency before his death.”

Effective date.

SEC. 2. The amendment made by this Act shall apply with respect to decedents dying after April 2, 1948.

SEC. 3. No interest shall be allowed or paid on any overpayment resulting from the amendment made by this Act.

Approved February 11, 1958.

### Public Law 85-319

#### AN ACT

February 11, 1958  
[H. R. 7762]

To amend section 223 of the Revenue Act of 1950 so that it will apply to taxable years ending in 1954 to which the Internal Revenue Code of 1939 applies.

64 Stat. 947.  
26 USC app. 502  
note.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 223 of the Revenue Act of 1950 (relating to use of corporation property by a shareholder) is amended by striking out “and before January 1, 1954,” and inserting in lieu thereof “to which the Internal Revenue Code of 1939 applies.”

SEC. 2. No interest shall be allowed or paid on any overpayment resulting from the amendment made by the first section of this Act.

Approved February 11, 1958.

### Public Law 85-320

#### AN ACT

February 11, 1958  
[H. R. 9035]

To amend the Internal Revenue Code of 1954 with respect to the basis of stock acquired by the exercise of restricted stock options after the death of the employee.

Taxes.  
Stock options.  
68A Stat. 143.  
26 USC 421.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 421 (d) (6) of the Internal Revenue Code of 1954 (relating to restricted stock options exercised by estate) is amended by adding at the end thereof the following new subparagraph:

“(C) BASIS OF SHARES ACQUIRED.—In the case of a share of stock acquired by the exercise of an option to which subparagraph (A) applies—

“(i) the basis of such share shall include so much of the basis of the option as is attributable to such share; except that the basis of such share shall be reduced by the excess (if any) of the amount, which would have been includible in gross income under subsection (b) if the employee had exercised the option and held such share