

83D CONGRESS  
1ST SESSION

# H. R. 4824

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 23, 1953

Mr. FOGARTY introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code to provide that, in the case of machine tools, textile machinery, and other industrial production machinery, the deduction for depreciation shall be based on replacement cost or original cost, whichever is higher.

1        *Be it enacted by the Senate and House of Representa-*  
2        *tives of the United States of America in Congress assembled,*  
3        That section 114 (a) of the Internal Revenue Code (relat-  
4        ing to the basis for depreciation) is hereby amended by add-  
5        ing at the end thereof the following new sentence: "In re-  
6        spect of machine tools, textile machinery, and other indus-  
7        trial production machinery, the basis upon which exhaustion,  
8        wear and tear, and obsolescence are to be allowed shall be  
9        whichever of the following is the higher:

1           “(1) the adjusted basis provided in section 113  
2           (b) for the purposes of determining the gain upon the  
3           sale or other disposition of such property; or

4           “(2) the amount by which (A) the cost of re-  
5           placing such property at the close of the taxable year  
6           of the taxpayer or (if the taxpayer disposed of such  
7           property during his taxable year) at the time of the  
8           sale or other disposition of such property, exceeds (B)  
9           the amount of the adjustments proper under section  
10          113 (b) (1) (B).”

11          SEC. 2. The amendment made by this Act shall apply  
12          only with respect to taxable years ending after the day on  
13          which this Act is enacted.

1 " (1) the adjusted basis provided in section 113  
2 (b) for the purposes of determining the gain upon the  
3 sale or other disposition of such property; or

4 " (2) the amount by which (A) the cost of re-  
5 placing such property at the close of the taxable year  
6 of the taxpayer or (if the taxpayer disposed of such  
7 property during his taxable year) at the time of the  
8 sale or other disposition of such property, exceeds (B)

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By Mr. FOGARTY

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