

SEPTEMBER 6, 1976

Office of the White House Press Secretary

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NOTICE TO THE PRESS

The President has signed H. R. 3052--Extension of 1976 tax withholding rates and tax treatment of options to buy or sell securities.

This bill extends to September 15, 1976, certain provisions of the Tax Reduction Act of 1975 and to exclude from the unrelated business income tax income which an exempt organization receives in cases where an option to buy or sell securities is allowed to lapse or is terminated.

H. R. 3052 will continue until September 15, 1976, the individual income tax withholding rates and related individual and corporate estimated tax provisions which expired on September 1, 1976. The bill will also make a change in the application of the unrelated business income tax to income which a tax exempt organization receives from writing options to buy or sell securities in cases where the option is allowed to lapse or is terminated. Under current law, premiums received by these organizations for options which are "exercised" are treated as capital gains and are excluded from the unrelated business income tax as part of the general tax exclusion for these organizations' investment income. The bill will add gains from the lapse or termination of options to buy or sell securities to the exempt category of income for tax exempt organizations.

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