

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."

Limitation on reduction of basis.

Regulations.

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

Real property arrangements by persons other than corporations.

Determination of basis of property for income-tax purposes.

Limitation on reduction of basis.

Regulations.

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

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:

"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.

Withholding of patents in national interest.

*Proviso.*  
Deemed abandoned if published, etc.

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

"When an applicant whose patent is withheld as herein provided and who faithfully obeys the order of the Commissioner of Patents above referred to shall tender his invention to the Government of the United States for its use, he shall, if and when he ultimately receives a patent, have the right to sue for compensation in the Court of Claims, such right to compensation to begin from the date of the use of the invention by the Government: *Provided*, That the Secretary of War or the Secretary of the Navy or the chief officer of any established defense agency of the United States, as the case may be, is authorized to enter into an agreement with the said applicant in full settlement and compromise for the damage accruing to him by reason of the order of secrecy, and for the use of the invention by the Government."

SEC. 2. This Act shall take effect on approval and shall remain in force for a period of two years from such date.

Approved, July 1, 1940.

Right of patentee to sue for compensation.

*Proviso.*  
Settlement with applicant for damage, etc.

Effective date; period in force.

[CHAPTER 502]

AN ACT

To amend the Immigration Act of 1924 to require aliens admitted into the United States as officials of foreign governments either to maintain their status or to depart from the United States, with the approval of the Secretary of State.

July 1, 1940  
[H. R. 10112]  
[Public, No. 701]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the first subdivision of section 3 of the Immigration Act approved May 26, 1924 (43 Stat. 153; U. S. C. Annotated, title 8, sec. 203) is hereby amended to read as follows: "(1) an accredited official of a foreign government recognized by the Government of the United States, his family, attendants, servants, and employees."

Immigration Act of 1924, amendments.  
Persons not deemed immigrants.

Officials of recognized foreign governments.

SEC. 2. That the first parenthetical clause in section 15 of the Immigration Act approved May 26, 1924 (U. S. C. Annotated, title 8, sec. 215), which reads "(except a Government official and his family)", is hereby repealed, and section 15 is hereby amended to read as follows: "The admission to the United States of an alien excepted from the class of immigrants by clause (1), (2), (3), (4), (5), or (6) of section 3, or declared to be a nonquota immigrant by subdivision (e) of section 4, shall be for such time and under such conditions as may be by regulations prescribed (including, when deemed necessary for the classes mentioned in clause (2), (3), (4), or (6) of section 3 and subdivision (e) of section 4, the giving of bond with sufficient surety, in such sum and containing such conditions as may be by regulations prescribed) to insure that, at the expiration of such time or upon failure to maintain the status under which admitted, he will depart from the United States: *Provided*, That no alien who has been, or who may hereafter be, admitted into the United States under clause (1) of section 3, as an official of a foreign government, or as a member of the family of such official, shall be required to depart from the United States without the approval of the Secretary of State."

Departure from U. S. of aliens losing exempt status.  
43 Stat. 162.

43 Stat. 155.  
8 U. S. C. § 204 (e).

*Proviso.*  
Approval of Secretary of State.

Approved, July 1, 1940.