

## CHAPTER 489—S. F. No. 1280

*An act relating to taxes on and measured by net income; amending Minnesota Statutes 1961, Section 290.07, Subdivision 7.*

Be it enacted by the Legislature of the State of Minnesota:

Section 1. Minnesota Statutes 1961, Section 290.07, Subdivision 7, is amended to read:

Subd. 7. **Income tax; deductions, credits; time for taking.** The deductions and credits provided for in this chapter shall be taken for a taxable year in which "paid or accrued" or "paid and incurred," dependent upon the method of accounting upon the basis of which the net income is computed, unless in order to clearly reflect the income the deductions or credits should be taken as of a different period. In the case of the death of a taxpayer whose net income is computed upon the basis of the accrual method of accounting, amounts (except amounts includible in computing a partner's net income under section 290.31) accrued as deductions and credits only by reason of the death of the taxpayer shall not be allowed in computing net income for the period in which falls the date of the taxpayer's death.

*If the taxpayer contests an asserted liability or the taxpayer transfers money or other property to provide for the satisfaction of the asserted liability and the contest with respect to the asserted liability exists after the time of the transfer; and but for the fact that the asserted liability is contested a deduction would be allowed for the taxable year of the transfer (or for an earlier taxable year), then the deduction shall be allowed for the taxable year of the transfer. This paragraph shall not apply in respect to the reduction for war profits and excess profit taxes imposed by the authority of any foreign country or possession of the United States.*

Sec. 2. *The provisions of this act shall be applicable to taxable years commencing after December 31, 1964.*

Approved May 20, 1965.

## CHAPTER 490—S. F. No. 1366

[Not Coded]

*An act relating to the town of Nichols in St. Louis county; providing for the exercise of certain village powers with respect*

**Changes or additions indicated by italics, deletions by strikeout.**