

or more classes of voting stock of the corporation is owned, directly or indirectly, at the time of the acquisition by one or more persons who, at any time during the taxable year or years that the common carrier was allowed a deduction under this section, owned, directly or indirectly, 50 percent or more of one or more classes of the voting stock of the common carrier. For purposes of this subparagraph, a person will be considered to own indirectly 50 percent or more of a class of the voting stock of a corporation if the person owns 50 percent or more of a class of the voting stock of another corporation which owns 50 percent or more of a class of the voting stock of the corporation.

(3) *Collection of deficiency.* If a deduction is disallowed under subparagraph (1) of this paragraph, the periods of limitation provided in sections 6501 and 6502 for the making of an assessment and the collection by levy or a proceeding in court shall, with respect to any deficiency (including interest and additions to the tax) resulting from the disallowance of the deduction, be extended to one year after the date on which the common carrier, or successor corporation, which acquired the stock of the Passenger Corporation files an amended income tax return in accordance with paragraph (d)(1)(i) of this section. Such assessment and collection may be made notwithstanding any rule of law which otherwise would prevent such assessment and collection.

(e) *Members of controlled group.* For purposes of paragraphs (b) and (d) of this section, all members of a controlled group of corporations, as defined in section 1563 and the regulations thereunder, shall be treated as one corporation. Thus, no deduction for a payment shall be allowed to any member of a controlled group if any other member of the controlled group receives stock in the Passenger Corporation in exchange for the payment in connection with a contract de-

scribed in paragraph (a)(2) of this section.

(This Treasury decision is issued under the authority contained in section 7805 of the Internal Revenue Code of 1954 (68A Stat. 917; 26 U.S.C. 7805).)

DONALD C. ALEXANDER,  
*Commissioner of  
Internal Revenue.*

Approved June 16, 1975.

FREDERIC W. HICKMAN,  
*Assistant Secretary  
of the Treasury.*

(Filed by the Office of the Federal Register on June 19, 1975, 8:45 a.m., and published in the issue of the Federal Register for June 20, 1975, 40 F.R. 26029)

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**Part IX.—Items Not Deductible**

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**Section 262.—Personal, Living, and Family Expenses**

*26 CFR 1.262-1: Personal, living and family expenses.*

Whether amounts paid for marriage counseling are deductible. See Rev. Rul. 75-319, page 88.

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*26 CFR 1.262-1: Personal, living, and family expenses.*

Transportation expenses where additional expenses are incurred in connection with the necessity of transporting work implements to and from work. See Rev. Rul. 75-380, page 59.

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*26 CFR 1.262-1: Personal, living, and family expenses.*

Whether expenses incurred in taking a special law course to qualify to sit for a State bar examination are deductible. See Rev. Rul. 75-412, page 62.

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*26 CFR 1.262-1: Personal, living, and family expenses.*

Treatment of expenses incurred by an employee who is permanently transferred to a new post of duty. See Rev. Rul. 75-432, page 60.

**Section 263.—Capital Expenditures**

*26 CFR 1.263(a)-1: Capital expenditures; in general.  
(Also Sections 611, 1011; 1.611-3, 1.1011-1.)*

**Rev. Rul. 75-467**

Generally, direct costs incurred in connection with reforestation by planting and artificial or natural seeding are capital expenditures, recoverable through the allowance for depletion when the timber is cut, or as adjusted basis if the timber is sold. See section 1.611-3(a) and section 1.1011-1 of the Income Tax Regulations. Such planting or seeding costs include:

(a) preparation of the site, including any girdling, herbicide applications, baiting of rodents, or brush removal work to afford good growing conditions;

(b) cost of seed or seedlings; and

(c) labor and tool expense, including depreciation of equipment such as tractors, trucks, tree planters and similar machines used in planting or seeding.

Indirect expenditures, such as interest paid on money borrowed to satisfy a state law requiring a deposit to guarantee natural reforestation over a specified period of years in lieu of planting, or a service charge on a performance bond in lieu of a cash deposit, may be treated as current deductions for the year in which incurred or capitalized cumulatively in accordance with a proper election by the taxpayer under the provisions of section 266 of the Internal Revenue Code of 1954.

Rev. Rul. 55-252, 1955-1 C.B. 319, is hereby superseded, since the position stated therein is set forth under the current statute and regulations in this Revenue Ruling.

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*26 CFR 1.263(a)-1: Capital expenditures; in general.*

Treatment of the costs of raising pistachio seedlings from seed through the first budding of the trees in the field. See Rev. Rul. 75-405, page 63.