

and rentals received in the other), to the bondholders and the shareholders such amounts are interest and dividend payments received as from the lessor and as such shall be accounted for in their returns.

**SEC. 29.22(a)-20. GROSS INCOME OF CORPORATION IN LIQUIDATION.**—When a corporation is dissolved, its affairs are usually wound up by a receiver or trustees in dissolution. The corporate existence is continued for the purpose of liquidating the assets and paying the debts, and such receiver or trustees stand in the stead of the corporation for such purposes. (See sections 274 and 298.) Any sales of property by them are to be treated as if made by the corporation for the purpose of ascertaining the gain or loss. No gain or loss is realized by a corporation from the mere distribution of its assets in kind in partial or complete liquidation, however they may have appreciated or depreciated in value since their acquisition. But see section 44(d) and section 29.44-5. (See further section 29.52-2.)

[SEC. 22. GROSS INCOME—AS AMENDED BY SECS. 1, 3, PUBLIC SALARY TAX ACT 1939; SECS. 215(a), 219(a), REV. ACT 1939; SECS. 110(a), 111(a), 112(a), 113, 114(a)(b), 115(a), 116(a), 117, 118(a)(b), 119, 120(a)(d), 127(d), 134(c), 162(c), REV. ACT 1942; SEC. 7(a), CURRENT TAX PAYMENT ACT 1943.]

(b) **EXCLUSIONS FROM GROSS INCOME.**—The following items shall not be included in gross income and shall be exempt from taxation under this chapter:

**SEC. 29.22(b)-1. EXEMPTIONS—EXCLUSIONS FROM GROSS INCOME.**—Certain items of income specified in section 22(b) are exempt from tax and may be excluded from gross income. These items, however, are exempt only to the extent and in the amount specified. No other items are exempt from gross income except (1) those items of income which are, under the Constitution, not taxable by the Federal Government; (2) those items of income which are exempt from tax on income under the provisions of any Act of Congress still in effect; and (3) the income exempted under the provisions of section 116. Since the tax is imposed on net income, the exemption referred to above is not to be confused with the deductions allowed by section 23 and other provisions of the Internal Revenue Code to be made from gross income in computing net income. As to other items not to be included in gross income, see sections 22(k), 112, 119, 127(c), and 171 and Supplements G, H, I, and J (sections 201 to 252, inclusive). Section 607(f) of the Merchant Marine Act of 1936, as amended by section 28 of the Act of June 23, 1938 (52 Stat. 961), and changed to section 607(h), reads as follows:

(h) The earnings of any contractor receiving an operating-differential subsidy under authority of this Act, which are deposited in the contractor's reserve funds as provided in this section, except earnings with-

**Sec. 29.22(b)-1**

drawn from the general funds paragraph 4 of Federal taxes shall be taxable fund.

[SEC. 22. GR SALARY SECS. 110 118(a)(b) 1942; SEC

[(b) EXCLUS be included in this chapter:]

(1) LIFE contract pe single sum insurer un payments s

Sec. 29.22(b) (OF THE DEATH OF cies, paid by reas beneficiary (indi trust, are exclude the case of certai and in the case of section 22(k). I under an agreeme be included in gro ments are made i such beneficiary, mediately after t elected to exercise any part thereof a pursuant to an ag tion of each disti shall be determine

(a) Proceeds he insurer under an the increment to s ment in equal inst included in gross i so credited to the fu

(b) Proceeds p years.—If, pursuar