

utor's license) to which he delivers and from which he sells or distributes stamped cigarettes.

Each application for a subjobber's license shall be accompanied by a fee of \$12.

A distributor or subjobber applying for a license between January 1st and June 30th of any year shall be required to pay only one-half of the license fee provided for herein.

Approved April 23, 1953.

CHAPTER 653—H. F. No. 894

An act relating to taxes on and measured by net income; amending Minnesota Statutes 1949, Section 290.16, as amended by Laws 1951, Chapter 679, by adding a new subdivision thereto.

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

Section 1. Minnesota Statutes 1949, Section 290.16, as amended by Laws 1951, Chapter 679, is amended to add a new subdivision to read:

[Subd. 12.] (a) *For the purposes of this section gains or losses from short sales of property shall be considered as gains or losses from sales or exchanges of capital assets, and gains or losses attributable to the failure to exercise privileges or options to buy or sell property shall be considered as short-term capital gains or losses.*

(b) *If on the date of a short sale substantially identical property has been held by the taxpayer for not more than six months, or if substantially identical property is acquired by the taxpayer after such short sale and on or before the date of the closing thereof, any gain upon the closing of such short sale shall be considered as a short-term capital gain (notwithstanding the period of time any property used to close such short sale has been held). In such case the holding period of the substantially identical property held by the taxpayer on the date of the short sale shall be considered to begin (notwithstanding the provisions of paragraph 4 of subdivision 8 of this section) on the date of the closing of the short sale or on the date of a sale, gift or other disposition of such property, whichever date occurs first, but shall apply only to so much of such property as does not exceed the quantity sold short in the order of the dates of the acquisition of such property. For the purposes of this paragraph, the acquisition of an*

option to sell property at a fixed price shall be considered a short sale, and the exercise of or failure to exercise such option shall be considered as a closing of such short sale.

(c) If on the date of a short sale substantially identical property has been held by the taxpayer for more than six months, any loss upon the closing of such short sale shall be considered as a long-term capital loss (notwithstanding the period of time any property used to close such short sale has been held, and notwithstanding the provisions of paragraph (a) of this subdivision).

(d) For the purposes of this subdivision

(1) the term "property" includes only stocks and securities (including stocks and securities dealt with on a "when issued" basis), and commodity futures, which are capital assets in the hands of the taxpayer:

(2) In the case of futures transactions in any commodity on or subject to the rules of a board of trade or commodity exchange, a commodity future requiring delivery in one calendar month shall not be considered as property substantially identical to another commodity future requiring delivery in a different calendar month; and

(3) in the case of a short sale of property by an individual, the term "taxpayer" shall be read as "taxpayer or his spouse", but an individual who is legally separated from the taxpayer under a decree of divorce or of separate maintenance shall not be considered as the spouse of the taxpayer.

(e) Where the taxpayer enters into two commodity futures transactions on the same day, one requiring delivery by him in one market and the other requiring delivery to him of the same (or substantially identical) commodity in the same calendar month in a different market, and the taxpayer subsequently closes both such transactions on the same day, this subdivision shall have no application to so much of the commodity involved in either such transaction as does not exceed in quantity the commodity involved in the other.

(f) Neither the provisions of paragraphs (b) or (c) shall apply to the gain or loss, respectively, on any quantity of property used to close a short sale which is in excess of the quantity of the substantially identical property referred to in the applicable paragraph.

Sec. 2. The provisions of this chapter are applicable to all taxable years beginning after December 31, 1952.

Approved April 23, 1953.