

is smaller, over (ii) the losses from such sales or exchanges. For this purpose, net income shall be computed without regard to gains or losses from sales or exchanges of capital assets.

(11) The term "net capital loss" means the excess of the losses from sales or exchanges of capital assets over the sum allowed under subdivision 5. For the purpose of determining losses under this paragraph, amounts which are short-term capital losses under subdivision 6 shall be excluded.

Sec. 2. Applicability. *The provisions of this chapter are applicable to all taxable years beginning after December 31, 1954.*

Approved March 16, 1955.

CHAPTER 167—H. F. No. 545

An act relating to taxes on and measured by net income; amending Minnesota Statutes 1953, Section 290.16.

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

Section 1. Minnesota Statutes 1953, Section 290.16, is amended to add a new subdivision to read:

Gain or loss attributable to the sale or exchange of, or loss on failure to exercise, a privilege or option to buy or sell property which in the hands of the taxpayer constitutes (or if acquired would constitute) a capital asset shall be considered gain or loss from the sale or exchange of a capital asset; and, if the loss is attributable to failure to exercise such privilege or option, the privilege or option shall be deemed to have been sold or exchanged on the day it expired. This subdivision shall not apply to losses on failure to exercise options described in subdivision 11 (b).

Sec. 2. Applicability. *The provisions of this chapter are applicable to all taxable years beginning after December 31, 1954.*

Approved March 16, 1955.

CHAPTER 168—H. F. No. 546

An act relating to taxes on and measured by net income; amending Minnesota Statutes 1953, Section 290.43.

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

Section 1. Minnesota Statutes 1953, Section 290.43, is amended to read:

290.43 **Where filed.** The returns required to be made under sections 290.37 to 290.39 and 290.41 shall be filed with the commissioner at his office in St. Paul.

Approved March 16, 1955.

CHAPTER 169—H. F. No. 547

An act relating to taxes on and measured by net income; amending Minnesota Statutes 1953, Section 290.16.

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

Section 1. Minnesota Statutes 1953, Section 290.16, is amended to add a new subdivision to read:

Amounts received by a lessee for the cancellation of a lease, or by a distributor of goods for the cancellation of a distributor's agreement (if the distributor has a substantial capital investment in the distributorship), shall be considered as amounts received in exchange for such lease or agreement.

Sec. 2. **Applicability.** *The provisions of this chapter are applicable to all taxable years beginning after December 31, 1954.*

Approved March 16, 1955.

CHAPTER 170—H. F. No. 548

An act relating to taxes on and measured by net income; amending Minnesota Statutes 1953, Section 290.18, Subdivision 2.

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

Section 1. Minnesota Statutes 1953, Section 290.18, Subdivision 2, is amended to read:

Subd. 2. The adjusted gross income shall, except in so far as section 290.19 is applicable, be computed by deducting from the gross income assignable to this state under section 290.17, the following deductions: