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**Tax Committee Comments and Recommendations, No. 8:  
Comments on Proposed Regulations Under Sections 61 and 79 of  
the Internal Revenue Code of 1954 Relating to Group Term Life  
Insurance Purchased for Employees, Submitted to the IRS - Jan.  
26, 1965**

American Institute of Certified Public Accountants. Committee on Federal Taxation

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TAX COMMITTEE COMMENTS AND RECOMMENDATIONS

Comments on Proposed Regulations Under Sections 61 and 79  
of the Internal Revenue Code of 1954 Relating to  
Group Term Life Insurance Purchased for Employees

Submitted to the IRS - Jan. 26, 1965

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COMMITTEE ON FEDERAL TAXATION

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AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Comments on Proposed Regulations Under Sections 61 and 79  
of the Internal Revenue Code of 1954 Relating to  
Group Term Life Insurance Purchased for Employees

Section

1.

1.79-2(b)(2)

The phrase "or as a self-employed individual" in the first sentence either should be deleted or should be clarified because in some situations it could create inequities. For example, after retirement an individual may continue to be a director of a corporation receiving the customary fees for attending directors' meetings. Since he receives directors' fees or some compensation for services rendered in his capacity as director, he may be considered a "self-employed individual." Thus, while in the ordinary sense of the term he is a "retired" employee and should enjoy the exemption intended by Congress regarding retired employees, he may lose such exemption because he is a director of the corporation.

2.

1.79-1(b)

The terms defined in Proposed Regulations Section 1.79-1(b) should not be applicable to Proposed Regulations Section 1.79-1(a)(1) in order to avoid any possible retroactive effect regarding periods prior to January 1, 1964. Therefore, the introductory sentence of Proposed Regulations Section 1.79-1(b) should indicate that such paragraph applies to Regulations Section 1.79-1 except for Subparagraph (a)(1) thereof.