

80 STAT. 1572

68A Stat. 397.
26 USC 2102.

(b) CREDITS AGAINST TAX.—Section 2102 (relating to credits allowed against estate tax) is amended to read as follows:

"SEC. 2102. CREDITS AGAINST TAX.

Ante, p. 1571.

26 USC 2011-
2013.

"(a) IN GENERAL.—The tax imposed by section 2101 shall be credited with the amounts determined in accordance with sections 2011 to 2013, inclusive (relating to State death taxes, gift tax, and tax on prior transfers), subject to the special limitation provided in subsection (b).

26 USC 2103.

"(b) SPECIAL LIMITATION.—The maximum credit allowed under section 2101 against the tax imposed by section 2101 for State death taxes paid shall be an amount which bears the same ratio to the credit computed as provided in section 2101(b) as the value of the property, as determined for purposes of this chapter, upon which State death taxes were paid and which is included in the gross estate under section 2103 bears to the value of the total gross estate under section 2103. For purposes of this subsection, the term 'State death taxes' means the taxes described in section 2011(a)."

26 USC 2104.

(c) PROPERTY WITHIN THE UNITED STATES.—Section 2104 (relating to property within the United States) is amended by adding at the end thereof the following new subsection:

26 USC 2101-
2106.

"(c) DEBT OBLIGATIONS.—For purposes of this subchapter, debt obligations of—

Post, p. 1573.

"(1) a United States person, or

"(2) the United States, a State or any political subdivision thereof, or the District of Columbia, owned and held by a nonresident not a citizen of the United States shall be deemed property within the United States. With respect to estates of decedents dying after December 31, 1972, deposits with a domestic branch of a foreign corporation, if such branch is engaged in the commercial banking business, shall, for purposes of this subchapter, be deemed property within the United States. This subsection shall not apply to a debt obligation to which section 2105(b) applies or to a debt obligation of a domestic corporation if any interest on such obligation, were such interest received by the decedent at the time of his death, would be treated by reason of section 861(a)(1)(B) as income from sources without the United States."

Ante, p. 1542.

26 USC 2105.

(d) PROPERTY WITHOUT THE UNITED STATES.—Subsection (b) of section 2105 (relating to bank deposits) is amended to read as follows:

"(b) CERTAIN BANK DEPOSITS, ETC.—For purposes of this subchapter—

Ante, p. 1541.

"(1) amounts described in section 861(c) if any interest thereon, were such interest received by the decedent at the time of his death, would be treated by reason of section 861(a)(1)(A) as income from sources without the United States, and

"(2) deposits with a foreign branch of a domestic corporation or domestic partnership, if such branch is engaged in the commercial banking business, shall not be deemed property within the United States."

74 Stat. 1000.
26 USC 2106.

(e) DEFINITION OF TAXABLE ESTATE.—Paragraph (3) of section 2106(a) (relating to deduction of exemption from gross estate) is amended to read as follows:

"(3) EXEMPTION.—

"(A) GENERAL RULE.—An exemption of \$30,000.

"(B) RESIDENTS OF POSSESSIONS OF THE UNITED STATES.—

In the case of a decedent who is considered to be a 'non-resident not a citizen of the United States' under the provisions of section 2209, the exemption shall be the greater of (i) \$30,000, or (ii) that proportion of the exemption authorized by section 2052 which the value of that part of

74 Stat. 999.
26 USC 2209.
68A Stat. 389.
26 USC 2052.