

REMOVAL OF TAX BARRIERS TO FOREIGN INVESTMENT IN THE UNITED STATES

WEDNESDAY, JUNE 30, 1965

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, D.C.

The committee met at 10 a.m., pursuant to call, in the committee room, Longworth House Office Building, Hon. A. S. Herlong, Jr., presiding.

Mr. HERLONG. The committee will come to order.

This hearing is for the purpose of receiving testimony on H.R. 5916, a bill introduced at the request of the administration, to remove tax barriers to foreign investment in the United States. This bill was developed on the basis of the so-called Fowler task force. That task force consisted of a very distinguished group of tax specialists.

Without objection, a copy of the bill, H.R. 5916, a copy of the press release announcing these hearings, a copy of the press release which was issued earlier inviting written comments by the interested public and a Treasury Department release dated March 8, 1965, explaining the proposed legislation, will be made a part of the record at this point. Also, without objection, the written comments which we have received from the interested public will be made a part of the published record.

(The information referred to follows:)

[H.R. 5916, 89th Cong., 1st sess.]

A BILL To amend the Internal Revenue Code of 1954 to remove tax barriers to foreign investment in the United States, to make certain technical amendments, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This Act may be cited as the "Act to remove tax barriers to foreign investment in the United States".

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

SEC. 2. INCOME FROM SOURCES WITHIN THE UNITED STATES.

(a) INTEREST FROM UNITED STATES SOURCES.—Section 861(a)(1) (relating to interest from sources within the United States) is amended by striking out "and" at the end of subparagraph (B), by striking out the period at the end of subparagraph (C) and inserting in lieu thereof ", and", and by adding at the end thereof the following new subparagraph:

"(D) Amounts paid to, or credited to the accounts of, depositors or holders of accounts not engaged in business within the United States on deposits or withdrawable accounts with savings institutions chartered and supervised as savings and loan or similar associations under Federal or State law, if such amounts are deductible under section 591 in computing the taxable income of such institutions."