

9. *Exemption for bank deposits.*—Under present law, an exemption from income taxes, withholding, and estate taxes is provided for bank deposits of nonresident alien individuals not doing business in the United States. By administrative interpretation, deposits in some savings and loan associations are treated as bank deposits for purposes of these exemptions, but such exemptions do not apply to most savings and loan associations. There does not appear to be any justification for this distinction between types of savings and loan associations and it should be eliminated by extending these exemptions to all such associations.

10. *Foreign tax credit—similar credit requirement.*—Section 901(b)(3) provides that resident aliens are entitled to a foreign tax credit only if their native country allows a similar credit to our citizens residing in that country. Apparently the provision is designed to encourage foreign countries to grant similar credits to our citizens. However, this requirement works a hardship on refugees from totalitarian governments. For example, the Castro government is not concerned with whether Cubans in this country receive a foreign tax credit. Therefore, it is recommended that the similar credit requirement of section 901(b)(3) be eliminated, subject to reinstatement by the President where the foreign country, upon request, refuses to provide a similar credit for U.S. citizens. Of course, no request would ordinarily be made in a case, such as Cuba, where the possible reinstatement of the present reciprocity requirement would have little or no effect upon the foreign government's policy toward U.S. citizens.

11. *Stamp taxes on original issuances and transfers of foreign stocks and bonds in the United States to foreign purchasers.*—Our stamp tax on certificates of indebtedness is imposed on issuances and transfers within the territorial jurisdiction of the United States. The stamp tax on issuances of stock does not apply to stock issued by a foreign corporation, but the transfer tax applies to transfers in the United States. These taxes have forced U.S. underwriters who handle issuances of foreign bonds and stocks and their original distribution to foreign purchasers to handle closings overseas. In view of the limited association of such issuances and transfers with the United States and the fact that these taxes are ordinarily avoided by moving the transactions outside the United States, our law should be revised to exempt original offerings of foreign issuers to foreign purchasers from our stamp taxes where only the issuances and transfers take place in the United States. Such an exemption would facilitate such transactions and their handling by U.S. underwriters and is consistent with our balance-of-payments objectives.

12. *Withholding taxes on savings bond interest.* The Ryukyu Islands, the principal island of which is Okinawa, and the Trust Territory of the Pacific, principally the Caroline, Marshall, and Mariana Islands, although under the protection and control of the United States, are technically foreign territory. Thus, the islanders are nonresident aliens and subject to a 30-percent withholding tax on interest on U.S. savings bonds. This interferes with the selling of U.S. savings bonds. Therefore, the 30-percent withholding tax as it applies to the interest income realized from U.S. savings bonds by native residents of these islands should be eliminated.

In addition to the changes discussed above, the proposed legislation makes a number of clarifying and conforming changes to present law.

MARCH 8, 1965.

[Press release for June 18, 1965]

CHAIRMAN WILBUR D. MILLS, DEMOCRAT, OF ARKANSAS, COMMITTEE ON WAYS AND MEANS, ANNOUNCES INVITATION FOR INTERESTED PERSONS TO SUBMIT WRITTEN STATEMENTS ON H.R. 5916

Subject: H.R. 5916, act to remove tax barriers to foreign investment in the United States

Chairman Wilbur D. Mills, Democrat, of Arkansas, Committee on Ways and Means, U.S. House of Representatives, today announced that interested persons are invited to submit written statements on H.R. 5916, the Act To Remove Tax Barriers to Foreign Investment in the United States. The chairman stated that anyone interested in submitted statements on this legislation should do so not later than the close of business Friday, June 25, 1965.

Cutoff date

As indicated, the cutoff date for the submission of written statements is no later than the close of business Friday, June 25, 1965. It should be noted that this bill was introduced on March 8, 1965, and has been available to interested persons