

COMMITTEE ON FEDERAL TAXATION OF THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Comments and recommendations regarding H.R. 5916, a bill to amend the Internal Revenue Code of 1954 to remove tax barriers to foreign investment in the United States.

GENERAL COMMENTS

A principal purpose of H.R. 5916 is to alleviate this country's balance-of-payments problem by decreasing or removing tax barriers to foreign investment here. The institute's committee on Federal taxation is in favor of the underlying aims of the proposed legislation. Certain provisions, however, appear to contradict the intent of the bill. Other provisions seem to need clarification.

The granting of tax benefits to nationals and entities of other countries is unilateral in nature and could hamper efforts to obtain similar benefits for U.S. citizens and entities in treaty negotiations. Accordingly, we support the principle of section 5 of the bill (line 21, p. 27, through line 11, p. 30) pertaining to the application of pre-1966 tax provisions. It will give the U.S. team of treaty negotiators an aid they will need.