

AMERICAN LIFE CONVENTION AND LIFE INSURANCE ASSOCIATION OF
AMERICA

JUNE 30, 1965.

Re H.R. 5916, to remove tax barriers to foreign investment in the
United States.

Hon. WILBUR D. MILLS,
Chairman, Committee on Ways and Means,
U.S. House of Representatives, Washington, D.C.

DEAR CONGRESSMAN MILLS: The American Life Convention and the Life Insurance Association of America are two associations with an aggregate membership of 329 life insurance companies in the United States and Canada which have in force approximately 94 percent of the legal reserve life insurance written in the United States.

H.R. 5916 would encourage the investment of foreign funds in the United States by removing tax barriers to such investment. To this end the bill would, among other things, exempt from the 30 percent withholding tax "amounts" paid to nonresident aliens not engaged in business within the United States on deposits with savings and loan associations. Since 1921 interest paid to such liens on bank deposits has been exempted from tax.

In contrast, similar amounts paid to such nonresident aliens under life insurance contracts have been, and would under the bill remain subject to the 30-percent withholding tax. These amounts include such items as interest on dividend accumulations, interest on amounts held under supplementary contracts, certain amounts received under an annuity contract, and (more recently) certain amounts received on the surrender of a life insurance contract or on the maturity of an endowment contract.

We believe that these amounts should receive the same exemption as amounts paid by savings and loan associations or banks. Such treatment would both accomplish equity and further the overall purpose of the bill.

We therefore respectfully urge that the Ways and Means Committee amend section 2 of H.R. 5916 to exempt amounts of the type referred to above paid under life insurance, endowment, or annuity contracts.

Sincerely yours,

AMERICAN LIFE CONVENTION,
GLENDON E. JOHNSON,
Vice President and General Counsel.

LIFE INSURANCE ASSOCIATION
OF AMERICA,
KENNETH L. KIMBLE,
Vice President and General Counsel.