

Returns should not be required in those situations where the nonbusiness income of nonresident aliens not engaged in trade or business in the United States is subject to withholding.

*Frederick M. Eaton, representing the Fowler Task Force*

A foreign dealer or underwriter should not be deemed to be engaged in a trade or business in the United States by reason of participation in an underwriting group having a U.S. manager. H.R. 5916 provides that the term "engaged in a trade or business within the United States" does not include trading in securities for one's own account whether the transactions are effected directly or indirectly except where a person "so trading is a dealer in securities, whether or not any such agent has discretionary authority to make decisions affecting such transactions." He suggests that this amendment can be interpreted as implying that a dealer in the type of case cited above is engaged in a trade or business here.

*American Institute of Certified Public Accountants, Committee on Federal Taxation*

Employees of foreign offices of domestic partnerships, U.S. citizens, and resident aliens should have the same exemption as that provided for employees of domestic corporations under present law, in code section 871(c).

*Henry S. Conston, New York attorney*

Broaden the income tax base from "fixed or determinable annual or periodical gains, profits, and income" to include all U.S. source income except interest, certain capital gains, and income from the sale of inventory or items used in the taxpayer's trade or business.

There is no reason to give preferred capital gains treatment to proceeds from the sale of patents (other than sales to which sec. 1235 is applicable), copyrights, trademarks, or similar rights.

Nonresident aliens subject to the tax on capital gains should have the benefits of the same 25-percent maximum tax rate and capital loss carryover provisions as U.S. citizens enjoy.

*Association of the Bar of the City of New York, Committee on Taxation*

The penalties for expatriation should not be eliminated as to those who acquired dual nationality at birth, and subsequently voluntarily chose other than U.S. nationality. Section 350 of the Immigration and Nationality Act.

The proposed code section 871(c)(2) should explicitly state that the volume of securities or commodities transactions is not material in the determination of whether an investor is engaged in trade or business within the United States.

The proposed code section 871(f) permits a nonresident alien individual to elect to be taxed on a net basis with respect to certain types of income. This election should also be available to income from the disposition of timber, but only in those cases where an election under code section 631(a) is not made.

The term "taxable year" is ambiguous both under present law and under the bill. The ambiguity should be eliminated, in