

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.

Code section 2107(b), providing special rules for determining the value of the gross estate of an expatriate under certain circumstances, should be eliminated since it adds too much complexity to warrant the limited revenue benefits of the provision.

The bill would authorize the President under certain circumstances to set aside, in the case of an estate of a foreign resident, estate tax amendments made by this bill or later acts. Since we do not know what amendments will be made in the future, it would seem advisable to limit this authority to the setting aside of the amendments made by the pending bill.

G. Keith Funston (a member of the task force), representing the New York Stock Exchange

Eliminate the estate tax on estates of nonresident aliens. Alternatively, exempt estates of under \$30,000 from the requirement of filing estate tax returns and also exclude from taxable estates all funds awaiting investments, such as brokers' free credit balances.

Joseph B. Brady, representing the National Foreign Trade Council, Inc.

Section 8 of the bill should be amended to eliminate the estate tax on estates of nonresident alien decedents. This tax can be avoided by the formation of corporations under other sections of the bill. That vehicle would be resorted to by those with large amounts of property in the United States. Elimination of the tax would encourage the holders of small amounts of property to invest in the United States.

Henry S. Conston, New York attorney

Section 8 of the bill should be amended to exclude from the taxable estates of nonresident aliens all debt obligations and stock of noncontrolled corporations. In order to reduce tax avoidance, there should be included in the gross estates of such persons debt obligations and stock of controlled U.S. corporations and also U.S. property owned by controlled foreign corporations.

If the above proposal is agreed to, then it is not necessary to further relieve such estates from tax. It would then be proper to return to existing law on the taxable estate.

Dorsey Richardson, president, Investment Company Institute and member of the Fowler Task Force

He expresses approval in general of the bill, although pointing out that it does not go as far as the task force recommendation eliminating U.S. estate tax on intangible personal property of nonresident decedents. He states, however, that he understands there are technical reasons for not recommending the complete elimination and therefore apparently endorses the bill as presented.