

profit, allowed by section 165(c)(2), but only if the profit, if such transaction had resulted in a profit, would be taxable under this subtitle.

“(B) The deduction, for losses of property not connected with the trade or business if arising from certain casualties or theft, allowed by section 165(c)(3), but only if the loss is of property within the United States.

“(C) The deduction for charitable contributions and gifts allowed by section 170.

“(3) DEDUCTION DISALLOWED.—

“For disallowance of standard deduction, see section 142(b)(2).”

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply with respect to taxable years beginning after December 31, 1965.

SEC. 8. ESTATES OF NONRESIDENTS NOT CITIZENS.

(a) **RATE OF TAX.**—Subsection (a) of section 2101 (relating to tax imposed in case of estates of nonresidents not citizens) is amended to read as follows:

“(a) **RATE OF TAX.**—Except as provided in section 2107, a tax computed in accordance with the following table is hereby imposed on the transfer of the taxable estate, determined as provided in section 2106, of every decedent nonresident not a citizen of the United States:

“If the taxable estate is:	The tax shall be:
Not over \$100,000-----	5% of the taxable estate.
Over \$100,000 but not over \$500,000-----	\$5,000, plus 10% of excess over \$100,000.
Over \$500,000 but not over \$1,000,000-----	\$45,000, plus 15% of excess over \$500,000.
Over \$1,000,000 but not over \$2,000,000-----	\$120,000, plus 20% of excess over \$1,000,000.
Over \$2,000,000-----	\$320,000, plus 25% of excess over \$2,000,000.”

(b) **CREDITS AGAINST TAX.**—Section 2102 (relating to credits allowed against estate tax) is amended to read as follows:

“SEC. 2102. CREDITS AGAINST TAX.

“(a) **IN GENERAL.**—The tax imposed by section 2101 shall be credited with the amounts determined in accordance with sections 2011 to 2013, inclusive (relating to State death taxes, gift tax, and tax on prior transfers), subject to the special limitation provided in subsection (b).

“(b) **SPECIAL LIMITATION.**—The maximum credit allowed under section 2011 against the tax imposed by section 2101 for State death taxes paid shall be an amount which bears the same ratio to the credit computed as provided in section 2011(b) as the value of the property, as determined for purposes of this chapter, upon which State death taxes were paid and which is included in the gross estate under section 2103 bears to the value of the total gross estate under section 2103. For purposes of this subsection, the term ‘State death taxes’ means the taxes described in section 2011(a).”