

of the assets over the total insurance liabilities, and the denominator of which is the total insurance liabilities,

(B) The surplus held in the United States is the excess of the assets held in the United States over the total insurance liabilities on United States business.

For purposes of this paragraph and subsection [(c)] (b), the term "total insurance liabilities" means the sum of the total reserves (as defined in section 801(c)) plus (to the extent not included in total reserves) the items referred to in paragraphs (3), (4), and (5) of section 810(c).

[(c)] (b) DISTRIBUTIONS TO SHAREHOLDERS.—

(1) IN GENERAL.—In applying sections 802(b)(3) and 815 [for purposes of subsection (a)], *with respect to a foreign corporation* the amount of the distributions to shareholders shall be determined by multiplying the total amount of the distributions to shareholders (within the meaning of section 815) of the foreign [life insurance company] *corporation* by whichever of the following percentages is selected by the taxpayer for the taxable year:

(A) the percentage which the minimum figure for the taxable year (determined under subsection [(b)] (a)(2)(A)) is of the excess of the assets of the company over the total insurance liabilities; or

(B) the percentage which the total insurance liabilities on United States business for the taxable year is of the company's total insurance liabilities.

(2) DISTRIBUTIONS PURSUANT TO CERTAIN MUTUALIZATIONS.—In applying section 815(e) [for purposes of subsection (a)] *with respect to a foreign corporation*—

(A) the paid-in capital and paid-in surplus referred to in section 815(e)(1)(A) of a foreign [life insurance company] *corporation* is the portion of such capital and surplus determined by multiplying such capital and surplus by the percentage selected for the taxable year under paragraph (1); and

(B) the excess referred to in section 815(e)(2)(A)(i) (without the adjustment provided by section 815(e)(2)(B)) is whichever of the following is the greater:

(i) the minimum figure for 1958 determined under subsection [(b)] (a)(2)(A), or

(ii) the surplus described in subsection [(b)] (a)(2)(B) (determined as of December 31, 1958).

[(d) No UNITED STATES INSURANCE BUSINESS.—Foreign life insurance companies not carrying on an insurance business within the United States shall not be taxable under this part but shall be taxable as other foreign corporations.]