

AMERICAN CYANAMID Co.,
February 15, 1966.

HON. WILBUR D. MILLS,
Chairman, Committee on Ways and Means,
House Office Building:

With reference to H.R. 11297 which you introduced to remove tax barriers to foreign investment in the United States, we are concerned that its provisions may adversely affect foreign subsidiaries of U.S. corporations. Certain new and indefinite provisions have been incorporated in H.R. 11297 which were not present in its predecessor bill, H.R. 5916. In order to clarify the effect of this bill, particularly as it may apply tax to U.S. corporate interests, we urge that hearings be held on H.R. 11297 and request your support in this connection.

R. C. PLUMB.

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS,
Los Angeles, Calif., January 12, 1966.

HON. WILBUR D. MILLS,
Chairman, Ways and Means Committee,
Longworth House Office Building, Washington, D.C.

DEAR MR. MILLS: On September 28 you introduced H.R. 11297 to replace H.R. 5916 regarding foreign investment in the United States.

The institute's committee on Federal taxation has reviewed H.R. 11297 and submits for your committee's consideration the enclosed comments and recommendations on the bill. Our comments on H.R. 5916 were submitted to you on June 24, 1965.

There are a number of major differences between H.R. 11297 and H.R. 5916. As discussed in detail in our statement, we believe that four of these changes would tend to work against the bill's primary purpose that is, the removal of tax barriers to foreign investment in the United States. Moreover, these changes constitute such a major revision of the U.S. tax laws that we believe additional public hearings should be scheduled before your committee acts on H.R. 11297.

Under separate cover we are sending 40 additional copies of our comments to Mr. Leo H. Irwin, chief counsel.

Sincerely,

DONALD T. BURNS,
General Chairman, Committee on Federal Taxation.

COMMENTS AND RECOMMENDATIONS OF COMMITTEE ON FEDERAL TAXATION

GENERAL COMMENTS

H.R. 11297 is a modified version of an earlier bill, H.R. 5916. This committee finds that four modifications would tend to work against the bill's primary purpose, the removal of tax barriers to foreign investment in the United States. Further, these modifications constitute such a major revision of U.S. tax laws that additional public hearings would seem to be appropriate. The study which this committee has been able to devote to these changes suggests that they may have unin-