

**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 percent of the taxable estate.                     |
| Over \$100,000 but not over \$750,000----- | \$5,000, plus 10 percent of excess over \$100,000.   |
| Over \$750,000-----                        | \$70,000, plus 15 percent of excess over \$750,000.” |

(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).”

(c) **DEFINITION OF TAXABLE ESTATE.**—Paragraph (3) of section 2106(a) (relating to deduction of exemption from gross estate) is amended to read as follows:

“(3) **EXEMPTION.**—

“(A) **GENERAL RULE.**—An exemption of \$30,000.

“(B) **RESIDENTS OF POSSESSIONS OF THE UNITED STATES.**—In the case of a decedent who is considered to be a ‘nonresident not a citizen of the United States’ under the provisions of section 2209, the exemption shall be the greater of (i) \$30,000, or (ii) that proportion of the exemption authorized by section 2052 which the value of that part of the decedent’s gross estate which at the time of his death is situated in the United States bears to the value of his entire gross estate wherever situated.”

(d) **SPECIAL METHODS OF COMPUTING TAX.**—Subchapter B of chapter 11 (relating to estates of nonresidents not citizens) is amended by adding at the end thereof the following new sections: