

cial problems for Canadian life insurance companies doing business in the United States, and are an elaboration of the questions considered in regard to them at the meeting. The points in question relate to (a) income effectively connected and income not effectively connected, (b) settlement of proposed section 881 tax, and (c) adjustment of proposed section 881 tax for any overlapping due to the operation of the minimum surplus provision of section 819.

May I say again how much we appreciated the opportunity of meeting with you and your associates. The meeting was most helpful and we believe the memorandum will serve to recapitulate our comments.

This letter and memorandum are written on behalf of the 13 Canadian life insurance companies doing business in the United States.

Sincerely,

(S) E. C. ROBINSON,
Associate Secretary.

(Per favor of Mr. Kenneth L. Kimble, vice president and general counsel, Life Insurance Association of America, Washington, D.C.)

Memorandum to: Dr. Laurence N. Woodworth, Chief of Staff, Joint Committee on Internal Revenue Taxation.

H.R. 11297—FOREIGN INVESTORS TAX ACT OF 1965

This memorandum relates to our discussion with you and your associates, Messrs. Vic Willett and Carl Nordberg, in Washington on December 16, respecting features of the above bill affecting the income tax procedure of foreign life insurance companies doing business in the United States. For ready reference, we give below the names, apart from yourselves, of those who joined in the meeting:

Mr. Kenneth L. Kimble, vice president and general counsel, LIAA.

Mr. William B. Harman, Jr., associate general counsel, ALC.

Mr. A. E. Loadman, vice president and actuary, the Great-West Life.

Mr. H. E. Harland, associate actuary, the Great-West Life.

Mr. T. B. Morrison, actuarial vice president, the Manufacturers Life.

Mr. E. C. Robinson, associate secretary, the Manufacturers Life.

Mr. L. J. Brown, associate actuary, the Sun Life.

It was arranged that, in the memorandum, we should review our comments on the following three points—

(a) Income effectively connected and income not effectively connected.

(b) Settlement of proposed section 881 tax.

(c) Adjustment of proposed section 881 tax for any overlapping due to the operation of the minimum surplus provision of section 819.

(a) *Income “effectively connected” and “income not effectively connected”*

A foreign life insurance company which qualifies as a life insurance company under section 801 of the code, is, in accordance with the provisions of section 819(a), taxable on its U.S. business in the same manner as a domestic life insurance company.