

SAUL S. SILVERMAN,
LAW OFFICES,
New York, N.Y., February 18, 1966.

Re H.R. 11297.

HON. WILBUR D. MILLS,
*Chairman, House Ways and Means Committee,
House of Representatives, Washington, D.C.*

DEAR SIR: We have recently reviewed the report on H.R. 11297, published by the House Ways and Means Committee.

The report indicates that executive, administrative, technical, purchasing, or other activities in the United States on behalf of or for the benefit of a foreign corporation could result in the foreign corporation being subjected to U.S. taxation on its income from sources outside of the United States if H.R. 11297 were enacted in its present form.

It is our opinion that this new tax burden on foreign corporations is arbitrary and discriminatory and we hereby make known our most strong opposition and objection to this bill. That is, if a foreign corporation conducts its entire operating activity in a foreign country, activity on behalf of the foreign corporation in the United States of the type outlined above should not subject it to U.S. taxation on the foreign source income. This is clearly a tenuous connection to tax liability.

Further, thus far no standards as to what constitutes activity on behalf of a foreign corporation have been promulgated. If these standards are as all encompassing as indicated by the report, then U.S.-owned foreign corporations with foreign source income will acquire a double tax nexus. This is in contrast with the stated purpose of the bill, which is directed at the taxation of foreign corporations. In order to harmonize with this purpose, the bill should provide that it be applicable only to foreign corporations the stock of which is majority owned by foreigners.

We respectfully request that you consider this viewpoint and that you advise us as to the disposition of our request for public hearings on H.R. 11297.

Very truly yours,

SAUL S. SILVERMAN,
By HENRY R. SILVERMAN.

SOCONY MOBIL OIL Co., INC.,
New York, N.Y., January 28, 1966.

Re Foreign Investors Tax Act.

HON. WILBUR D. MILLS,
*Chairman, Committee on Ways and Means,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: The purpose of this letter is to express concern over certain provisions of the Foreign Investors Tax Act, H.R. 11297, and to suggest the desirability of public hearings on this bill.