

**[H.R. 13103, 89th Cong., 1st sess. Introduced by Mr. Mills on
February 28, 1966.]**

A BILL To amend the Internal Revenue Code of 1954 to provide equitable tax treatment
for foreign investment in the United States

*Be it enacted by the Senate and House of Representatives of the United States
of America in Congress assembled,*

SECTION 1. SHORT TITLE, ETC.

(a) **SHORT TITLE.**—This Act may be cited as the “Foreign Investors Tax Act of 1966”.

(b) **TABLE OF CONTENTS.**—

SEC. 1. Short title, etc.

- (a) Short title.
- (b) Table of contents.
- (c) Amendment of 1954 Code.

SEC. 2. Source of income.

- (a) Interest.
- (b) Dividends.
- (c) Personal services.
- (d) Definitions.
- (e) Effective dates.

SEC. 3. Nonresident alien individuals.

- (a) Tax on nonresident alien individuals:
 - “SEC. 871. Tax on nonresident alien individuals.
 - “(a) Income not connected with United States business—30 percent tax.
 - “(b) Income connected with United States business—graduated rate of tax.
 - “(c) Participants in certain exchange or training programs.
 - “(d) Election to treat real property income as income connected with United States business.
 - “(e) Cross references.”
- (b) Gross income.
- (c) Deductions.
- (d) Allowance of deductions and credits.
- (e) Expatriation to avoid tax:
 - “SEC. 877. Expatriation to avoid tax.
 - “(a) In general.
 - “(b) Alternative tax.
 - “(c) Special rules of source.
 - “(d) Exception for loss of citizenship for certain causes.
 - “(e) Burden of proof.”
- (f) Partial exclusion of dividends.
- (g) Withholding of tax on nonresident aliens.
- (h) Liability for withheld tax.
- (i) Declaration of estimated income tax by individuals.
- (j) Gain from dispositions of certain depreciable realty.
- (k) Collection of income tax at source on wages.
- (l) Definition of foreign estate or trust.
- (m) Conforming amendment.
- (n) Effective dates.

SEC. 4. Foreign corporations.

- (a) Tax on income not connected with United States business:
 - “SEC. 881. Income of foreign corporations not connected with United States business.
 - “(a) Imposition of tax.
 - “(b) Doubling of tax.”
- (b) Tax on income connected with United States business:
 - “SEC. 882. Income of foreign corporations connected with United States business.
 - “(a) Normal tax and surtax.
 - “(b) Gross income.
 - “(c) Allowance of deductions and credits.
 - “(d) Election to treat real property income as income connected with United States business.
 - “(e) Returns of tax by agent.
 - “(f) Foreign corporations.”
- (c) Withholding of tax on foreign corporations.
- (d) Dividends received from certain foreign corporations.
- (e) Unrelated business taxable income.
- (f) Corporations subject to personal holding company tax.
- (g) Amendments with respect to foreign corporations carrying on insurance business in United States.
- (h) Subpart F income.
- (i) Gain from certain sales or exchanges of stock in certain foreign corporations.
- (j) Declaration of estimated income tax by corporations.
- (k) Technical amendments.
- (l) Effective dates.

SEC. 5. Special tax provisions.

- (a) Income affected by treaty.
- (b) Application of pre-1967 income tax provisions: