

calendar year in the taxes on the transfer of property by gift, the burden of proving that such loss of citizenship did not have for one of its principal purposes the avoidance of taxes under this subtitle or subtitle A shall be on such individual."

(b) **TRANSFERS IN GENERAL.**—Subsection (b) of section 2511 (relating to situs rule for stock in a corporation) is amended to read as follows:

"(b) **INTANGIBLE PROPERTY.**—For purposes of this chapter, in the case of a nonresident not a citizen of the United States who is excepted from the application of section 2501 (a) (2) —

"(1) shares of stock issued by a domestic corporation, and

"(2) debt obligations of—

"(A) a United States person, or

"(B) the United States, a State or any political subdivision thereof, or the District of Columbia,

which are owned by such nonresident shall be deemed to be property situated within the United States."

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply with respect to the calendar year 1967 and all calendar years thereafter.

SEC. 10. TREATY OBLIGATIONS.

No amendment made by this Act shall apply in any case where its application would be contrary to any treaty obligation of the United States. For purposes of the preceding sentence, the extension of a benefit provided by any amendment made by this Act shall not be deemed to be contrary to a treaty obligation of the United States.

The **CHAIRMAN**. Our first witness this morning is Mr. Paul D. Seghers, president of the Institute on U.S. Taxation of Foreign Income.

Mr. Seghers, you have been before the committee on occasions in the past. We are always glad to have you with us. For purposes of this record we would appreciate your again identifying yourself.

STATEMENT OF PAUL D. SEGHERS, PRESIDENT, INSTITUTE ON U.S. TAXATION OF FOREIGN INCOME

Mr. SEGHERS. Thank you, Mr. Chairman.

My name is Paul D. Seghers, an attorney of New York City. I am here to represent the Institute on U.S. Taxation of Foreign Income, Inc., of which I am president.

The committee indicated that today it would have limited time to consider the views regarding the new provisions of H.R. 13103 and for this reason I prepared a short oral statement to go right to the point.

First, we wish to compliment this committee on its decision to scrap H.R. 11297 and to substitute H.R. 13103, which has eliminated most of the evils of the former.

We thank the committee for holding this public hearing and for giving us this opportunity to present our views.

H.R. 13103 is very substantially less open to criticism than its predecessor. However, it still retains some of the features that raised the storm of protest that lead to the substitution of the present bill. We oppose these features of the present bill because—

1. It would worsen our balance of payments.
2. It would drive jobs out of this country.
3. It would lead to tax retaliation by other countries.
4. It would further penalize exports of U.S. products.
5. It would add to the complexity and uncertainty of the tax law by substitution of radically new and untried theories.