making such a proclamation the President must make three specified findings.

Paragraph (1) of section 896(a) provides that the President must first find that a foreign country (taking into account taxes imposed by its political subdivisions) is imposing more burdensome taxes on income received from sources within that country by U.S. citizens not resident in that country or by domestic corporations not domiciled in that country than the United States imposes on similar income derived from sources within the United States by nonresident alien individuals resident in that country or by corporations of that country. This finding may be made with respect to individuals or corporations or both. It may be made with respect to any particular item of income, any combination of types of income, or all income.

Paragraph (2) of section 896(a) provides that the President must find that, after having been requested by the United States to do so, the foreign country has not acted to revise or reduce the more burdensome taxes (with respect to which the finding under par. (1) has been made) so as to alleviate the more burdensome taxes involved.

Paragraph (3) provides that the President must find that it is in the public interest to apply pre-1967 tax provisions to residents or corporations of that foreign country in accordance with this section.

After making the appropriate findings, the President shall proclaim that the tax of the nonresident alien individuals or foreign corporations involved will be determined in the manner provided by subsection (a) for taxable years beginning after the date the proclamation is issued. The proclamation will be limited to the foreign country, taxpayers, and income with respect to which the findings under paragraphs (1), (2), and (3) have been made.

(*b*) *Alleviation of more burdensome taxes.*—Subsection (b) of section 896 provides the procedure whereby the President may revoke a proclamation issued pursuant to the provisions of section 896(a). A proclamation issued under section 896(a) may be revoked completely or in part if the President finds that the conditions upon which the finding required by paragraph (1) of section 896(a) was made have been sufficiently remedied to justify a complete or partial revocation. If such a finding is made, the President may revoke the outstanding proclamation by so proclaiming. The revocation so made shall apply with respect to taxable years beginning after the date the revoking proclamation is issued, and for such taxable years the tax shall be determined under subtitle A without regard to section 896(a).

(*c*) *Notification of Congress required.*—Subsection (c) of section 896 requires the President to give Congress a 30-day notice of his intention to issue a proclamation under section 896(a) or to revoke a proclamation under section 896(b).

(*d*) *Implementation by regulations.*—Subsection (d) of section 896 authorizes the Secretary of the Treasury or his delegate to prescribe regulations to implement the provisions of section 896.

SECTION 5 OF BILL—CONTINUED

(*c*) *Clerical amendments.*—Subsection (c) of section 5 of the bill amends the table of sections for subpart C of part II of subchapter N of chapter 1 to conform to the amendments made by subsections (a) and (b) of section 5 of the bill.