

U.S. citizen spouse, such taxable year of the nonresident alien spouse is to be considered "open" for purposes of subsection (d) (2), and the period for assessing a deficiency for such taxable year is not to expire before 1 year after the date of such election. This is true although prior to the filing of such election, the assessment period for the taxable year of the nonresident alien spouse had expired. Paragraph (3) provides that, in those cases where one spouse is deceased and such spouse is required to join in making the election under subsection (a) or (c), as the case may be, the executor, administrator, or other person charged with the property of such decedent may join in making the election. Paragraph (4) provides that if one of the spouses dies, then the taxable year of the surviving spouse is to be treated as closing on the date of such death for the purpose of applying sections 981(a)(1)(C) and 981(c)(2) to such year.

SECTION 5 OF BILL—CONTINUED

Clerical or conforming amendments

Paragraph (2) of section 5(e) of the bill adds new subpart H to the table of subparts for part III of subchapter N of chapter 1 of the code.

Paragraph (3) of section 5(e) amends section 911(d) of the code (relating to cross-references in respect of earned income from sources without the United States) to include therein a new paragraph containing a cross-reference to new section 981.

SECTION 6 OF BILL. FOREIGN TAX CREDIT

(a) *Allowance of credit to certain nonresident aliens and foreign corporations.*—Paragraph (1) of section 6(a) of the bill amends subpart A of part III of subchapter N of chapter 1 of the code (relating to the foreign tax credit) by adding a new section 906 which allows certain nonresident alien individuals and foreign corporations a credit under section 901 for foreign income taxes. Under present law nonresident alien individuals and foreign corporations are not allowed a foreign tax credit under section 901, except that a nonresident alien individual who is a bona fide resident of Puerto Rico during the entire taxable year is allowed such a credit. The amendment is effective for taxable years beginning after December 31, 1966.

The credit allowed pursuant to section 906 is determined in basically the same manner as the credit would be determined if the nonresident alien individual were a citizen of the United States, or the foreign corporation were a domestic corporation managed and controlled in the United States, and all of the income of such citizen or domestic corporation consisted of the alien's or foreign corporation's income which is effectively connected with the conduct of a trade or business within the United States.

CODE SECTION 906. NONRESIDENT ALIEN INDIVIDUALS AND FOREIGN CORPORATIONS

(a) *Allowance of credit.*—Subsection (a) of new section 906 extends the foreign tax credit allowed under section 901 of the code to nonresident alien individuals and foreign corporations who are en-