

property within the United States even though there is located in the United States the written evidence of such obligation which is treated as being the property itself.

(d) *Property without the United States.*—Subsection (b) of section 2105 presently provides that, in the case of estates of non-residents not citizens of the United States who were not engaged in business in the United States at the time of death, any moneys deposited by or for such decedents with any person carrying on the banking business shall be considered to be property outside the United States (and thus not includible in the gross estates of such decedents).

Subsection (d) of section 8 of the bill deletes subsection (b) of section 2105 and inserts a new subsection (b) which provides that deposits with a foreign branch of a domestic corporation shall be considered to be property outside the United States if such branch is engaged in the commercial banking business. The new provision applies whether or not the decedent was engaged in business in the United States at the time of his death, and whether or not the deposits, upon withdrawal, are payable in U.S. dollars.

Any bank deposit made by or for a nonresident not a citizen of the United States with a U.S. person, other than a deposit to which new subsection (b) of section 2105 applies, is considered under new subsection (c) of section 2104 to be property within the United States, if such deposit is not a debt obligation to which the last sentence of subsection (c) of section 2104 applies.

(e) *Definition of taxable estate.*—Subsection (e) of section 8 of the bill amends paragraph (3) of section 2106(a) of the code (relating to the deduction of an exemption from the gross estate of nonresidents not citizens of the United States).

Subparagraph (A) of this amended paragraph raises the exemption allowed in respect of the estate of a nonresident not a citizen of the United States from the existing \$2,000 to \$30,000. Subparagraph (B) provides that, in the case of decedents who were citizens of the United States and residents of a possession of the United States at the time of death but who are considered nonresidents not citizens of the United States by reason of section 2209, the exemption is to be the greater of either \$30,000 or that proportion of the exemption (now \$60,000) authorized by section 2052 (relating to the exemption allowed in respect of estates of decedent citizens or residents of the United States) which the value of that part of the decedent's gross estate which at the time of his death is situated in the United States bears to the value of his entire gross estate wherever situated.

If under an applicable estate tax convention to which the United States is a party the estate tax exemption in the case of a nonresident decedent not a citizen of the United States is in excess of \$30,000, such treaty exemption is to apply for purpose of determining the tax imposed by section 2101, as amended by section 8(a) of the bill, or by section 2107, as added by section 8(f) of the bill.

(f) *Special methods of computing tax.*—Subsection (f) of section 8 of the bill amends subchapter B of chapter 11 of the code (relating to estates of nonresidents not citizens) by adding new sections 2107 (relating to expatriation to avoid tax) and 2108 (relating to application of pre-1967 estate tax provisions). These new sections apply