

[(7) a foreign corporation if—

[(A) its gross income from sources within the United States for the period specified in section 861(a) (2) (B) is less than 50 percent of its total gross income from all sources, and

[(B) all of its stock outstanding during the last half of the taxable year is owned by nonresident alien individuals, whether directly or indirectly through other foreign corporations;]

(7) a foreign corporation, if all of its stock outstanding during the last half of the taxable year is owned by nonresident alien individuals, whether directly or indirectly through foreign estates, foreign trusts, foreign partnerships, or other foreign corporations;

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Subchapter L—Insurance Companies

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PART I—LIFE INSURANCE COMPANIES

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Subpart E—Miscellaneous provisions

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SEC. 819. FOREIGN LIFE INSURANCE COMPANIES.

[(a) CARRYING ON UNITED STATES INSURANCE BUSINESS.—A foreign life insurance company carrying on a life insurance business within the United States, if with respect to its United States business it would qualify as a life insurance company under section 801, shall be taxable on the United States business of such company in the same manner as a domestic life insurance company.]

[(b)] (a) ADJUSTMENT WHERE SURPLUS HELD IN UNITED STATES IS LESS THAN SPECIFIED MINIMUM.—

(1) IN GENERAL.—In the case of any [company described in subsection (a)] *foreign corporation taxable under this part*, if the minimum figure determined under paragraph (2) exceeds the surplus held in the United States, then—

(A) the amount of the policy and other contract liability requirements (determined under section 805 without regard to this subsection), and

(B) the amount of the required interest (determined under section 809(a) (2) without regard to this subsection), shall each be reduced by an amount determined by multiplying such excess by the current earnings rate (as defined in section 805(b) (2)).

(2) DEFINITIONS.—For purposes of paragraph (1)—

(A) The minimum figure is the amount determined by multiplying the taxpayer's total insurance liabilities on United States business by—

(i) in the case of a taxable year beginning before January 1, 1959, 9 percent, and

(ii) in the case of a taxable year beginning after December 31, 1958, a percentage for such year to be determined and proclaimed by the Secretary or his delegate.