

policy was changed substantially so as to make the bill's primary objective the equitable tax treatment by the United States of alien investors vis-a-vis the U.S.

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investor. Undoubtedly this kind of equitable treatment provided in the bill will increase foreign investment in the United States.

The only other observation I have to make relates to the reason I asked the chairman to yield during his presentation. The reciprocity aspect of how foreign countries treat our citizens tax-wise was foremost in your committee's mind during our deliberations on this bill. I am satisfied a very fine job was done here. I certainly can commend this bill wholeheartedly for favorable action by the committee of the whole House.

Mr. MILLS. Mr. Chairman, I have no further requests for time.

Mr. BYRNES of Wisconsin. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. Under the rule, the bill is considered as having been read for amendment.

The bill is as follows:

H.R. 13103

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This Act may be cited as the "Foreign Investors Tax Act of 1966".

(b) TABLE OF CONTENTS.—

SEC. 1. Short title, etc.

- (a) Short title.
- (b) Table of contents.
- (c) Amendment of 1954 Code.

SEC. 2. Source of income.

- (a) Interest.
- (b) Dividends.
- (c) Personal services.
- (d) Definitions.
- (e) Effective dates.

SEC. 3. Nonresident alien individuals.

(a) Tax on nonresident alien individuals:
"SEC. 871. Tax on nonresident alien individuals.

"(a) Income not connected with United States business—30 percent tax.

"(b) Income connected with United States business—graduated rate of tax.

"(c) Participants in certain exchange or training programs.

"(d) Election to treat real property income as income connected with United States business.

"(e) Cross references."

- (b) Gross income.
- (c) Deductions.
- (d) Allowance of deductions and credits.
- (e) Expatriation to avoid tax:

"SEC. 877. Expatriation to avoid tax.

"(a) In general.

"(b) Alternative tax.

"(c) Special rules of source.

"(d) Exception for loss of citizenship for certain causes.

"(e) Burden of proof."

(f) Partial exclusion of dividends.

(g) Withholding of tax on nonresident aliens.

(h) Liability for withheld tax.

(i) Declaration of estimated income tax by individuals.

(j) Gain from dispositions of certain depreciable realty.

(k) Collection of income tax at source on wages.

(l) Definition of foreign estate or trust.

(m) Conforming amendment.

(n) Effective dates.

SEC. 4. Foreign corporations.

(a) Tax on income not connected with United States business:

"SEC. 881. Income of foreign corporations not connected with United States business.

"(a) Imposition of tax.

"(b) Doubling of tax."

(b) Tax on income connected with United States business:

"SEC. 882. Income of foreign corporations connected with United States business.

"(a) Normal tax and surtax.

"(b) Gross income.

"(c) Allowance of deductions and credits.

"(d) Election to treat real property income as income connected with United States business.

"(e) Returns of tax by agent.

"(f) Foreign corporations."

(c) Withholding of tax on foreign corporations.

(d) Dividends received from certain foreign corporations.

(e) Unrelated business taxable income.

(f) Corporations subject to personal holding company tax.

(g) Amendments with respect to foreign corporations carrying on insurance business in United States.

(h) Subpart F income.

(i) Gain from certain sales or exchanges of stock in certain foreign corporations.

(j) Declaration of estimated income tax by corporations.

(k) Technical amendments.

(l) Effective dates.

SEC. 5. Special tax provisions.

(a) Income affected by treaty.

(b) Application of pre-1967 income tax provisions:

"SEC. 896. Application of pre-1967 income tax provisions.

"(a) Imposition of more burdensome taxes by foreign country.

"(b) Alleviation of more burdensome taxes.

"(c) Notification of Congress required.

"(d) Implementation by regulations."

(c) Clerical amendments.

(d) Effective date.

SEC. 6. Foreign tax credit.

(a) Allowance of credit to certain nonresident aliens and foreign corporations.

(b) Alien residents of the United States or Puerto Rico.

SEC. 7. Amendment to preserve existing law on deductions under section 931.

(a) Deductions.

(b) Effective date.