

FOREIGN INVESTORS TAX ACT OF 1966

MONDAY, AUGUST 8, 1966

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 10:10 a.m., in room 2221, New Senate Office Building, Senator Russell B. Long (chairman) presiding.

Present: Senators Long, Anderson, Talmadge, Ribicoff, Williams, Carlson, Curtis, and Dirksen.

The CHAIRMAN. The hearing will come to order.

This morning we begin 3 days of hearings on the Foreign Investors Tax Act of 1966.

In 1963 President Kennedy appointed a task force on promoting increased foreign investment in U.S. corporate securities and increased foreign financing for U.S. corporations operating abroad. It was the hope of the administration that the task force would suggest additional measures to improve the U.S. balance of payments.

The report of the task force in 1964 recommended modifications in the U.S. tax law with regard to foreign investors. Based upon these recommendations legislation was submitted to Congress in 1965. After many months of working on the recommendations, the Ways and Means Committee of the House reported H.R. 13103. It passed the House on June 15. Rather than having as its purpose the encouragement of foreign investment in the United States though, the bill passed by the House is concerned with providing taxation of nonresident aliens and foreign corporations comparable to that of U.S. individuals and corporations.

(The bill, H.R. 13103 follows:)

[H.R. 13103, 89th Cong., 2d sess.]

AN ACT To amend the Internal Revenue Code of 1954 to provide equitable tax treatment for foreign investment in the United States

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”.

(2) TABLE OF CONTENTS.—

SEC. 1. Short title, etc.

(a) Short title.

(b) Table of contents.

(c) Amendment of 1954 Code.