

(2) Such taxes were incurred as a result of steps taken for tax saving reasons.

A mere statement of these tests should be sufficient to condemn them.

The first test would penalize the payment of foreign taxes imposed by a foreign government on a foreign corporation on the same basis as the United States has always claimed jurisdiction to tax corporations organized in this country.

The second test is purely subjective and would subject a foreign corporation to double taxation on the basis of what it might have done, rather than what it did.

Others will present to this Committee more specific comments and recommendations regarding this proposed foreign tax credit disallowance, which would be in addition to all existing restrictions and limitations on the amount allowable as a foreign tax credit.

We ask this question: In what way would this provision for the disallowance of credit (or deduction) for uncertain foreign income taxes, operate as an incentive for foreign investment in the United States?

7. Desirability of simplification of language and concepts. Doubt as to attractiveness to foreign investors of proposed income tax provisions

We believe that the stated objectives of this Bill could be attained more satisfactorily by the use of much simpler and well-recognized principles.

If it is desired to make radical changes in the half-century old principle of source of income, that should be considered separately, on its merits.

We doubt that, on balance, the *income tax* provisions of H.R. 13103 will afford much incentive to *foreign* investors.

It is beyond the scope of this statement to labor further these points. We will only add that no U.S. business man relishes the need for a legal opinion as to the possible tax consequences of every export shipments of goods to or by a subsidiary.

Senator ANDERSON. Thank you very much. I am sorry we were so late.

Mr. Page, do you want to testify tomorrow or now? Come right ahead.

Mr. Seghers, I was glad to hear you refer to that New York document. I read it yesterday, and I thought it was a very good piece of work.

STATEMENT OF WALTER H. PAGE, REPRESENTING THE NEW YORK CLEARING HOUSE ASSOCIATION; ACCOMPANIED BY DAVID LINDSAY, COUNSEL TO MORGAN GUARANTY TRUST CO., OF NEW YORK

Mr. PAGE. Senator Anderson, my name is Page, Walter Page. I am executive vice president of the Morgan Guaranty Trust Co., of New York, in charge of their international business. My bank is a member of the New York Clearing House Association, and I am representing the clearinghouse here. I have with me Mr. David Lindsay, counsel to my bank.

The New York Clearing House is made up of 10 banks which are listed as an appendix to this statement I have filed.

Senator ANDERSON. I will just say to you, Mr. Page, you did well to bring Mr. Lindsay along. He was with the Treasury for many years and was very kind to this committee and we have great respect for him.

Mr. PAGE. Thank you. I am very glad he is here.

Senator, I will not read my statement here. I do want to emphasize that the New York Clearing House very strongly opposes the two provisions which will impose taxes on bank deposits. One is the estate tax which would be effective immediately upon enactment of