

If you or your staff have any further questions concerning the enclosed, I will be happy to try to answer them for you.

Sincerely yours,

STANLEY S. SURREY,
Assistant Secretary.

OFFICE OF THE SECRETARY OF THE TREASURY

Treatment of bank deposits held by nonresidents under the estate tax laws of selected countries

Taxing country:	<i>Treatment of deposits</i>
France.....	Exempt.
Germany.....	Do. ¹
Italy.....	Taxable. ²
Netherlands.....	Not available.
Switzerland.....	Exempt. ³
United Kingdom.....	Taxable. ⁴
Canada.....	Do. ⁵
Japan.....	Do.
Belgium.....	Exempt. ⁶

¹ The exemption in Germany is conditioned upon the fact that the recipient is a non-resident of Germany.

² Apparently taxable, though available sources do not note this fact specifically.

³ There are no Federal, estate, or succession taxes imposed by Switzerland. Although cantonal estate tax duties are imposed, bank deposits are not subject to such cantonal estate taxes.

⁴ Our information indicates that as a practical matter, while bank deposits are technically subject to U.K. estate tax, no tax actually is imposed.

⁵ A 15 percent Canadian estate tax is imposed on that portion of bank deposits of foreigners which exceed \$5,000.

⁶ The exemption in Belgium is conditioned upon the fact that the decedent was not domiciled in, and did not have his "siege de sa fortune" in Belgium.

Treatment of interest on bank deposits held by nonresidents under income tax laws of selected countries

Source country:	<i>Withholding rate</i>
France.....	25 percent. ¹
Germany.....	Exempt.
Italy.....	27 percent plus local surcharges. ²
Netherlands.....	Exempt.
Switzerland.....	27½ percent. ³
United Kingdom.....	41¼ percent. ⁴
Canada.....	15 percent. ⁵
Japan.....	20 percent. ⁶
Belgium.....	Exempt. ⁷

¹ As of Jan. 1, 1965, France imposes a 25-percent withholding tax on interest derived by foreigners from deposits with French banks. However, no such tax is imposed if the deposit is made in a "foreign currency," e.g., U.S. dollars.

² The total rate varies, but averages about 32.4 percent.

³ The 27½-percent withholding rate will be raised to 30 percent beginning Jan. 1, 1967. However, because Swiss banks frequently do not pay interest on deposits (indeed there is often a charge for depositing money in a so-called "numbered account") the rate of Swiss withholding tax is of no practical importance.

⁴ Although interest derived by foreigners from bank deposits in U.K. banks technically is subject to U.K. standard tax of 41¼ percent, there is no withholding of such tax on "short interest," i.e., interest derived from deposits of less than 1 year's duration (U.K. authorities state that the overwhelming majority of deposits in U.K. banks by foreigners generate "short interest").

⁵ When the deposit has been made in a foreign currency and the interest is payable in a foreign currency no tax is withheld.

⁶ This rate is temporarily reduced to 10 percent in some cases, but will apparently revert back to 20 percent in 1967.

⁷ Pursuant to a law enacted in 1962, a withholding tax applicable to foreigners deriving interest from bank deposits in Belgium was to become effective Jan. 1, 1965. However, the effective date of such tax was postponed first to Jan. 1, 1966, and subsequently to Jan. 1, 1967.

Senator DOUGLAS. Does your bank have that information, Mr. Barth?

Mr. BARTH. We will try to put it together. We have been working on it for some time, but unfortunately, we have not got the complete information, but we will get it.