

Senator DOUGLAS. Would you submit such material as you have and then we can make a comparison between the two.

Mr. BARTH. Yes, sir.

Senator DOUGLAS. Thank you very much.

(The information referred to follows:)

THE CHASE MANHATTAN BANK,
New York, N.Y., August 11, 1966.

Hon. PAUL H. DOUGLAS,
U.S. Senate,
Washington, D.C.

DEAR SIR: Please permit me to express appreciation for the opportunity to appear before the Committee on Finance of the U.S. Senate on August 9, 1966, in connection with H.R. 13103. I am most grateful for the kind attention you and the other members of the committee afforded to me at the hearing.

As agreed, I transmit for your information and that of the committee a schedule prepared by bank counsel which sets forth our understanding of the foreign income taxation of interest on bank deposits and the death taxation of bank deposits themselves held by nonresident aliens and foreign corporations not doing business in certain countries. The information contained in the schedule is the best that we have been able to obtain. The schedule does not cover the low countries (Holland and Belgium), but we are compiling that data and will forward it to you.

I should mention that as to the income taxation of such bank deposit interest in the United Kingdom, it is our understanding that while the British tax law does by its terms apply a 41.25-percent rate, there is no withholding thereon. Further, the United Kingdom takes the position that they do not have tax jurisdiction to assess the tax against a nonresident. Thus, there is a technical liability but under the British concept of taxing jurisdiction, as we understand it, collection of the tax is not undertaken where there is no withholding.

I trust that the enclosure will prove useful to you and to the other members of the committee. I am taking the liberty of transmitting herewith 25 copies of the enclosure. Naturally, if I can be of any assistance in connection with this matter, I will be most delighted to do so.

Very truly yours,

ALFRED W. BARTH, *Executive Vice President.*

Taxation by leading financial nations of bank deposits of nonresident aliens and foreign corporations not doing business there

PART I—TAXATION OF INTEREST ON BANK DEPOSITS OF NONRESIDENT ALIENS AND FOREIGN CORPORATIONS NOT DOING BUSINESS IN THE SUBJECT COUNTRY¹

Country	Tax applicable	Rates	Withholding
France.....	No (if deposit in dollars or other foreign currency).	-----	-----
Germany.....	No.....	-----	-----
Italy.....	Yes (practice of Italian banks to bear tax, as permitted by law).	27 percent (plus local collection charges up to 5 percent).	Yes.
Japan.....	Yes.....	20 percent.....	Do.
Spain.....	do.....	24 percent ²	Do. ²
Switzerland.....	do.....	27 percent (plus 3 percent coupon tax); 30 percent (overall) effective Jan. 1, 1967.	Yes (unless redeposited by Swiss bank on a fiduciary basis).
United Kingdom...	Yes (generally, however, the nonresident cannot be assessed).	41.25 percent.....	No.
Canada ²	No (if deposit in dollars or other foreign currency).	-----	-----

See footnotes at end of table.