

FOREIGN INVESTORS TAX ACT OF 1966

WEDNESDAY, AUGUST 10, 1966

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

The committee met, pursuant to recess, at 10 a.m., in room 2221, New Senate Office Building, Senator Clinton P. Anderson presiding.

Present: Senators Long (chairman), Anderson, McCarthy, Williams, Carlson, Morton, and Dirksen.

Senator ANDERSON. This committee will come to order.

This morning we have a rather lengthy list of witnesses and I would hope the 15-minute time limitation to testify will be honored.

The first witness is Mr. John H. Perkins of the American Bankers Association. Will you come forward and proceed, sir. I am sorry other members of the committee are not here as yet, but we all have double assignments today. But we will be glad to have you go ahead.

STATEMENT OF JOHN H. PERKINS, REPRESENTING THE AMERICAN BANKERS ASSOCIATION

Mr. PERKINS. My name is John H. Perkins. I am senior vice president of the Continental Illinois National Bank & Trust Co. of Chicago. I am appearing here today to present the views of the American Bankers Association on H.R. 13103, the Foreign Investors Tax Act of 1966. This act carries out a number of the recommendations contained in the Fowler task force report for the purpose of encouraging foreign investment in the United States. Secretary Fowler emphasized this objective again Monday, and we support this. However, the act contains two provisions of vital concern to commercial banks, and to the well-being of our country. These provisions do not have any bearing upon taxes paid by commercial banks under our tax laws, and are not based on recommendations of the Fowler task force. In fact, they run counter to the objectives of the task force report.

The act proposed to amend the Internal Revenue Code to subject to the U.S. income tax, interest paid to nonresident aliens and foreign corporations on their U.S. bank deposits. This tax would become effective after 1971. The act also would include deposits in U.S. banks in the gross estate of nonresident aliens and subject such deposits to the U.S. estate tax. Presently, interest paid to nonresident aliens and foreign corporations not doing business in the United States on U.S. bank deposits is not subject to the U.S. income tax and neither are the deposits of nonresident aliens subject to the U.S. estate taxes.

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