Mr. SEATH. No, that is not quite the point. The point is that if you bring it back you will not pay any tax to the United States now, but you will create a situation where these foreign tax credits will expire, and when they have expired you will be in a situation very possibly where you will have to pay taxes that you would not have to pay if you did not bring the money home.

The CHAIRMAN. You mean pay taxes here then?

Mr. SEATH. Yes; yes, sir.

The CHAIRMAN. That you would not have to pay if you had not brought the money home.

Mr. SEATH. Yes.

Senator MCCARTHY. So you do not bring it back.

Mr. SEATH. That is right, so we do not bring it back.

The CHAIRMAN. What rate of tax would that be that you would pay, that you otherwise would not have to pay if you did not bring the money back?

Mr. SEATH. Well, the U.S. rate is 48 percent now. The question——

The CHAIRMAN. It is less than that against Chile, is it not?

Mr. SEATH. Well, the U.S. rate is 48 percent. Now, Chile, with credits running up to 70 percent, you do not pay anything.

Senator MCCARTHY. If you can use the credits.

Mr. SEATH. If you can use the credits——

Senator MCCARTHY. The point is when you did have to pay, the credits that you might otherwise have used would be canceled, and you would have to pay the regular rate on whatever the difference was.

Mr. SEATH. That is right. It depends entirely on timing.

The CHAIRMAN. Well, now, are there any other provisions of the code that discourage repatriation, to your knowledge?

Mr. SEATH. I do not think there are sections that really discourage repatriation. They are more, as I said to Senator Dirksen, they are harassing sections, but not really discouraging sections. In other words, we have to file tremendous volumes of information, which costs us a lot of money, and which is useless except for statistical purposes. It does not produce any revenue for the United States.

The principal thing, in my opinion, is to put the foreign tax credit situation in a usable state, a useful state, and eliminate some of the uncertainties. We never know exactly what is going to happen to us where we have things like these new regulations which are exceedingly complicated.

There are many revenue agents around the country, and no two of them think the same way. You give them something that is exceedingly complicated, and you never know where you are going to come out, and that is why I think something simple like this amendment would do the job.

The CHAIRMAN. Senator Anderson.

Senator ANDERSON. I was just curious as to why you appear here on this hearing; what do you want us to do with the bill?

Mr. SEATH. I think you ought to amend the bill for what I was talking about here, and I also think you ought to put the bill back in the original shape the Treasury proposed it. In other words, you ought to be going back to the original proposal of the Treasury which would encourage foreign investment in the United States.