

1 (A) by striking out subsection (a) and insert-
2 ing in lieu thereof the following:

3 “(a) *DEFINITION.*—For purposes of this part, the term
4 ‘undistributed personal holding company income’ means the
5 taxable income of a personal holding company adjusted in
6 the manner provided in subsections (b), (c), and (d), minus
7 the dividends paid deduction as defined in section 561. In
8 the case of a personal holding company which is a foreign
9 corporation, not more than 10 percent in value of the out-
10 standing stock of which is owned (within the meaning of
11 section 958(a)) during the last half of the taxable year by
12 United States persons, the term ‘undistributed personal hold-
13 ing company income’ means the amount determined by multi-
14 plying the undistributed personal holding company income
15 (determined without regard to this sentence) by the percent-
16 age in value of its outstanding stock which is the greatest per-
17 centage in value of its outstanding stock so owned by United
18 States persons on any one day during such period.”; and

19 (B) by adding at the end thereof the following
20 new subsection:

21 “(d) *CERTAIN FOREIGN CORPORATIONS.*—In the case
22 of a foreign corporation all of the outstanding stock of which
23 during the last half of the taxable year is owned by nonresi-
24 dent alien individuals (whether directly or indirectly through