

It does not, in any event, apply, however, to expatriates who lost their citizenship on or before March 8, 1965.

g. Application of pre-1967 estate tax provisions (sec. 108(f) of the bill and new sec. 2108 of the code)

The unilateral reduction of estate tax rates applicable to nonresident aliens by statute may have the effect of making it more difficult to negotiate estate tax treaties. This is comparable to the similar problem arising from the revision of the income tax provisions applicable to nonresident aliens. As in the case of the income tax provisions therefore, the bill has added a new provision which gives authority to the President to apply certain provisions of the estate tax law relating to estates of nonresidents not citizens, without regard to the amendments made to these provisions by this, or any subsequent, act in the case of estates of residents of any country which imposes more burdensome death taxes with respect to estates of U.S. citizen decedents, not residents of that country, than does the United States on estates of residents of such a country, not citizens of the United States.

The new provision gives special authority to the President where he finds that:

(1) Under the laws of a foreign country a more burdensome tax is imposed on the estates of U.S. citizens, not residents of the country, than is imposed on the estates of residents of that country by the United States;

(2) The foreign country, when requested so to do, has not revised its taxes to eliminate this extra burden; and

(3) It is in the public interest to reimpose the pre-1967 estate tax provisions.

Where these conditions exist the President may proclaim that the U.S. tax on estates of residents of the foreign country is to be determined under certain provisions of U.S. estate tax laws (secs. 2101, 2102, 2106, and 6018) as in effect prior to amendment by this or any subsequent act. Such a proclamation is to apply to the estates of decedents dying after the date of the proclamation.

If after making such a proclamation the President finds that the laws of the foreign country have been revised to alleviate the excess burden on the estates of U.S. citizens he may proclaim that the tax on the estates of residents of the country is to be determined by taking into account the amendments made by this bill, and any subsequent act. Such a proclamation is to be effective with respect to estates of decedents dying after its date.

Before issuing a proclamation under the new provision the President is required to give 30 days notice of his intent so to do to the Senate and the House of Representatives.

This new section is applicable with respect to estates of decedents dying after the date of the enactment of this bill.

h. Estates tax returns (sec. 108(g) of the bill and sec. 6018 of the code)

Under present law the executor of the estate of a nonresident alien is required to file a U.S. estate tax return if the U.S. estate exceeds \$2,000. The filing of returns with respect to these estates of over \$2,000 is required because only a \$2,000 exemption is granted to the estates of nonresident aliens under present law. Since the bill has in-