

to accomplish its purpose is quite apparent when one examines the many limitations imposed on the self-employed. In addition to imposing requirements as to coverage of, and benefits for, employees not found in the requirements applicable to corporate plans, the act limits the amount which a self-employed may set aside for his own retirement to 10 percent of his earned income or \$2,500 whichever is the smaller. On top of this basic limitation are two restrictions which have proved to be particularly burdensome:

First. The act limits the amount which the self-employed may deduct for tax purposes to 50 percent of the amount contributed to the plan for his retirement benefits. Thus, the maximum deduction under the act is one-half of \$2,500 or \$1,250.

Second. The act also restricts the amount of earned income which will be recognized for contribution purposes where capital, as well as personal services, is a material factor in the production of income. In such a case, earned income cannot exceed 30 percent of the net profits from the business except that the amount of the individual's earned income cannot be reduced below \$2,500 by operation of this rule if the individual renders personal services on a substantially full-time basis.

Just recently, the Washington Post contained an editorial, under date of October 10, 1966, which I would like to read at this time. It is entitled "Parity in Pensions" and states as follows:

Under the Federal income tax laws self-employed persons are permitted to make pension fund contributions on their own behalf up to a limit of \$2,500. But since only half of that amount may be taken as a deduction, the tax treatment of the self-employed is not as favorable as that accorded corporate employees in the same income bracket.

The House of Representatives by a unanimous vote passed an amendment that would permit the self-employed to deduct 100 percent of their pension fund contributions. But the Senate Finance Committee rejected the measure. Even though the Treasury would suffer a modest loss of revenue, the Senate ought to go along with the House in putting the self-employed taxpayer on a parity with others.

There is just one other change made in the proposed amendment, and that is that it would make its provisions effective as of January 1, 1968.

Equality for 18 million self-employed and their employees is long overdue.

The revisions embodied in the proposed amendment are just and fair, and I urge the Senate to adopt them by an overwhelming majority, as did the House of Representatives.

I should like to read a partial list of associations endorsing H.R. 10 in the 89th Congress:

Contracting Plasterers' & Lathers International Association.

The American College of Radiology.
Society of American Florists.
American Dental Association.

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Association of Consulting Management Engineers, Inc.

The Authors League of America, Inc.

American Association of Life Underwriters.

American Farm Bureau Federation.

American Podiatry Association.

American Society of Landscape Architects.

American Association of Medical Clinics.

American Optometric Association.

National Wholesale Furniture Salesmen's Association.

American Bar Association.

American Hotel & Motel Associations.

National Association of Women Lawyers.

American Medical Association.

National Livestock Tax Committee.

American Veterinary Medical Association.

Society of Magazine Writers.

National Society of Professional Engineers.

American Society of Industrial Designers—Industrial Designers Institute.

National Council of Dance Teachers Organization.

National Society of Public Accountants.

American Chiropractic Association.

National Milk Producers Federation.

National Association of Retail Grocers of the United States.

Bureau of Salesmen's National Association.

National Small Business Association.

National Food Brokers Association.

American Institute of Certified Public Accountants.

That is only a partial list of associations endorsing the measure.

I do not see any reason why the amendment should not be adopted. I think most of us are aware that it represents an equitable measure and should be adopted by a solid majority.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. HARTKE. I yield to the Senator from Kansas.

Mr. CARLSON. Mr. President, I wish to associate myself with the remarks of the Senator from Indiana. I also wish to state that the Senator from Kentucky [Mr. MORTON] has authorized me to state that he heartily endorses the amendment.

Mr. President, an inequity existed as to the tax treatment accorded self-employed persons who desired to establish private retirement plans. Employer contributions to retirement plans have been tax deductible for some time and nontaxable to the employees until retirement benefits are actually received. The law discriminated against self-employed persons by requiring them to pay taxes on income they set aside for retirement. Farmers, ranchers, and other small businessmen make up a large portion of this group.

Congress recognized that discrimination did exist and enacted the Self-Employed Individuals Tax Retirement Act of 1962. This measure has tended to reduce the discrimination, but it has fallen