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of Senate
amendments

- Pp. 110, 111* (2) *Certain annuities received under qualified plans.*—Under present law a nonresident alien receiving pension or annuity income from a plan located in the United States is subject to U.S. tax (flat 30 percent or lower treaty rate) on the interest portion of the pension income notwithstanding the fact that the services qualifying the nonresident alien for the pension were entirely rendered outside the United States. This amendment exempts from U.S. tax the type of pension income described above if 90 percent of the persons under the plan were U.S. citizens.
- Pp. 104-112* (3) Technical and clerical changes.
- (b) Gross income. (Pp. 112-113.)
- P. 113* Clerical change.
- (c) Deductions. (Pp. 113-155.)
- P. 113* Clerical change.
- (d) Allowance of deductions and credits. (Pp. 115-116.)
- P. 115* Clerical change.
- (e) Beneficiaries of estates and trusts. (P. 116.)
- P. 116* (1) *Imputed business activities.*—This amendment imputes the business activities of a trust or estate to its beneficiaries. In other words, if a trust, whether foreign or a domestic, is engaged in a trade or business in the United States, its beneficiaries also are deemed to be engaged in that trade or business.
- P. 116* (2) Clerical change.
- P. 117* (f) Expatriation to avoid tax. (Pp. 117-119.)
- (1) *Period rule in effect.*—Under this amendment U.S. source income and the effectively connected income of a citizen received for 10 years after expatriation are, in most cases, to be taxed at the regular U.S. tax rates if a principal purpose of the expatriation was the avoidance of U.S. income, estate, or gift taxes. The House bill would have provided a 5-year rule for income taxes.
- P. 117* (2) Clerical change.
- (g) Partial exclusion of dividends. (P. 120.)
- P. 120* Clerical change.
- (h) Withholding of tax on nonresident aliens. (Pp. 120-123.)