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Pp. 128–133 (3) Clerical changes.

(c) Withholding of tax on foreign corporations. (Pp. 134–135.)

P. 134 (1) Conforming amendment.

P. 134 (2) Clerical changes.

(d) Dividends received from certain foreign corporations. (Pp. 135–136.)

P. 136 Clerical change.

(e) Dividends received from certain wholly-owned foreign subsidiaries. (Pp. 136–138.)

Pp. 136–138 This amendment to the House bill provides that in certain situations a 100 percent dividends-received deduction is to be allowed to a domestic corporation for dividends received from a wholly owned foreign subsidiary which has 100 percent effectively connected income. For this to be available a foreign corporation must be subject to U.S. corporate tax on all of its income, just as is a domestic corporation.

(f) Distributions of certain foreign corporations. (Pp. 138–139.)

P. 138 Technical and clerical changes.

(g) Unrelated business taxable income. (P. 139.)

P. 139 Clerical change.

(h) Corporation subject to personal holding company tax. (Pp. 139–143.)

P. 139 (1) *Nonexemption of personal service income.*—This amendment provides that the general exception provided in the House bill from the personal holding company provisions in cases where the corporation is wholly foreign owned is not to be available to a foreign corporation which is a personal holding company to the extent that corporation has income from personal services which is personal holding company income described in section 543(a)(7).