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Pp. 153–154 (1) *Imposition of discriminatory taxes by foreign country.*—It was brought to the attention of the Senate that there are some foreign countries which discriminate against foreign taxpayers (including U.S. persons) either generally or with regard to specific classes of foreign taxpayers. The present provisions of the code do not provide the President with authority to counteract discrimination by effecting substantially the same tax on the persons of the discriminating country (the present provision provides only for a doubling of the tax).

The Senate added a provision to the House bill granting the President the authority to take such action as is necessary to raise the effective rate of U.S. tax on income received by nationals, residents, or corporations of a discriminating country to substantially the same rates as are applied in the other country.

Pp. 151–155 (2) Technical and clerical changes.

(c) Clerical amendments. (P. 155.)

P. 155 Clerical changes.

(d) Effective date. (Pp. 155–156.)

Pp. 155–156 Clerical changes.

(e) Election by nonresident U.S. citizens who are subject to foreign community property laws. (Pp. 156–161.)

P. 156 Clerical changes.

(f) Presumptive date of payment for tax withheld under chapter 3. (Pp. 161–163.)

Pp. 161–163 This amendment adds a new provision which provides that any tax withheld at the sources under chapter 3 of the code (relating to withholding of tax on a nonresident alien and foreign corporation) is to be deemed to be paid by such recipients on the last day prescribed for filing his income tax return.

Section 106. FOREIGN TAX CREDIT. (Pp. 163–170.)

(a) Allowance of credit to certain nonresident aliens and foreign corporations. (Pp. 163–167.)