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 act, 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 November 13, 1966.

h. Estate tax returns (sec. 108(g) of the act and sec. 6018 of the code)

Under prior law the executor of the estate of a nonresident alien was required to file a U.S. estate tax return if the U.S. estate exceeded $2,000. The filing of returns with respect to these estates of over $2,000 was required because only a $2,000 exemption was granted to the estates of nonresident aliens. Since the act has increased the $2,000 exemption to $30,000, the return filing requirement is likewise increased by the act from $2,000 to $30,000. This amendment applies with respect to estates of decedents dying after November 13, 1966.

7. GIFT TAX PROVISIONS

a. Tax on gifts of nonresidents not citizens (sec. 109(a) of the act and sec. 2501 of the code)

Under prior law a gift of intangible property having a U.S. situs by a nonresident alien who was engaged in trade or business in the United States was subject to U.S. gift tax.

In practice this rule proved to be impossible to enforce, since there was no practical way for the Internal Revenue Service to find out when these gifts were made. Moreover, it did not occur to many nonresident aliens that these transfers were subject to U.S. gift tax. Thus the revenue significance of this provision was minimal.

The act amends prior law to provide that gifts of intangible property by nonresident aliens are not to be subject to the U.S. gift tax.

To prevent this new rule from becoming a means of tax avoidance by U.S. citizens, the act also provides that the rule is not to apply to gifts by donors who within the 10 years immediately before the gift became expatriates of the United States with a principal purpose of avoiding U.S. income, estate, or gift taxes.

As in the case of similar amendments with respect to the income and estate taxes, the new provision provides a special rule relating to the burden of proof. Under this rule if the Secretary of the Treasury or his delegate establishes that it is reasonable to believe that the individual's loss of U.S. citizenship will result in a substantial reduction in the gift tax payable by the donor, the burden of proving that tax avoidance was not one of the principal purposes rests with the donor. Certain types of losses of citizenship, as in the case of similar income