

tion 4 eliminates over a 5-year period the \$100,000 estimated tax exemption which presently determines whether or not a corporation has to make these advance payments.

And then section 5 suspends the schedule for the reduction of the excise taxes on passenger automobiles and telephone services during the period of the temporary surcharge. Is that a brief description of the five provisions?

Mr. SURREY. Yes, sir.

Mr. Chairman, may I just interpolate something here.

Congressman Broyhill asked me a question whether SNCC had a ruling which permitted contributions to it to be deductible. We just checked with the Internal Revenue Service and there is no such ruling. There is no ruling permitting contributions to SNCC to be tax deductible.

As to whether the organization itself has a ruling as an exempt organization we would have to check the field office because those rulings are issued in the field and not in Washington.

But there is no ruling that would permit a person making a contribution to it to secure a tax deduction.

Mr. BROYHILL. The person contributing cannot make a deduction?

Mr. SURREY. We checked and we know of no such ruling.

Mr. VANIK. On that same point I heard a broadcast this morning of H. L. Hunt Industries. It was a political broadcast.

Is that tax exempt? It is a program called Life Line.

Mr. SURREY. I would have to check. I think that is under consideration.

This is the substance of the bill, Mr. Chairman.

The CHAIRMAN. Actually this is not a surcharge so far as the individual is concerned of 10 percent over and above what his tax is under existing law? It is not just a 10-percent additional, is it?

Mr. SURREY. For the year 1967—

The CHAIRMAN. I am talking about the full year. Don't get into 1967. You have your low-income provision. I want you to explain just how it works. You have been referring to the fact that an individual with \$5,000 income does not have to pay a surtax. Tell me how it works.

Mr. SURREY. The bill itself says that every individual would have his tax increased in 1967 by 2½ percent, in 1968 by 10 percent. Then there is a specific low-income exemption which says that this increase shall not apply if the tax does not exceed \$290 in the case of a joint return and \$145 in the case of a single individual.

The CHAIRMAN. Because that would be the tax that would apply to the man who has a wife and two children, with \$5,000 of gross income. Is that right?

Mr. SURREY. Yes.

The CHAIRMAN. That is exactly the amount of tax in the case of the man who has the four exemptions including his own and who uses the standard deduction.

Now with \$295 of tax does he pay 10 percent more?

Mr. SURREY. He pays 10 percent more.

The CHAIRMAN. Even if it is \$291?

Mr. SURREY. Yes, sir.

The CHAIRMAN. Mr. Surrey, you know that we don't legislate that kind of proposal in this committee. How would we straighten that out?