

in the position of paying on the basis of estimates. Is this the same provision that was before the committee last year in that respect? Does it go all the way down to zero of tax liability over a 5-year period?

Mr. SURREY. I am not so sure this has been suggested before.

The CHAIRMAN. Or do you go all the way to zero?

Mr. SURREY. Forty dollars, the same as individuals. This is designed to put corporations on the same basis.

The CHAIRMAN. I understand that. I understand the theory of it. I think you know that I was one of the first in getting corporations to pay currently as their liabilities developed in the course of a taxable year, just like individuals, but we stopped at \$100,000 of tax liability.

Now if you go to \$40 you have how many corporations?

Mr. SURREY. We have a total number of taxpaying corporations of 700,000.

The CHAIRMAN. How many of that 700,000 have tax liabilities over \$100,000?

Mr. SURREY. Sixteen thousand.

The CHAIRMAN. The balance of them then are below the \$100,000?

Mr. SURREY. Which indicates some pretty sizable corporations from the standpoint of sales and so on are below \$100,000 tax liability.

The CHAIRMAN. Yes.

The very biggest corporations have happened in a taxable year to have a low tax liability. It is not based on the size of the corporation. I understand that.

Be sure now when you come to the executive session of the committee that you have tables which clearly reflect the total impact of the combination of these proposals. When we require them to pay more and pay it sooner, they also will be paying 5 percent more in 1967 because it would take effect the first of July.

They will be paying 10 percent more in 1968. But then as you step down and enlarge upon their requirement for payments, making them pick up a part of the tax, not only what was due in the past year but due in the present year, you will find, as we found earlier in considering this matter, that we were placing an excessive drain upon their capital flow.

You remember we reduced the Treasury's request at that time to more nearly what we thought was midway between what we wanted to do and what we thought was the fair thing to do.

Mr. SURREY. We will have those tables, Mr. Chairman.

The CHAIRMAN. Tell me about this business about the Western Hemisphere trade corporation that you brought into this hearing.

Mr. SURREY. The Western Hemisphere trade corporation has a present law to assist them under which their tax rate is supposed to be 14 percentage points below the regular rate of tax. This relationship is maintained.

The CHAIRMAN. Are we not increasing the tax on those?

Mr. SURREY. We are maintaining the existing relationship that they have.

The CHAIRMAN. You are leaving them unaffected by the surtax?

Mr. SURREY. Their rate has to go up. It can't go up 10 percent exactly because we still want to leave them 14 percentage points below the higher rate.