

to Ireland and these generally stay at hotels. We are also advised that of those who visit the homes of parents or perhaps some close relatives in Ireland, most stay no more than a day or two at such home and devote the rest of their holiday touring the countryside of Ireland. Thus, there are very few Americans of Irish ancestry that can be expected to manage a visit to Ireland and remain within the \$7.00 daily limit that is free of the expenditure tax.

Quite apart from the observations hereinabove set forth we as Americans are concerned with the rather cumbersome method of reporting required of American citizens with respect to the proposed limitations on travel expenditures. If it should be decided that some form of limitations on travel expenditures must be provided for, we would hope that means will be incorporated in such law that while calculated to achieve the purposes of the travel tax program, can be reasonably simplified both with respect to the administration of the tax and to the specific reporting requirements of American citizens.

(2) THE PROPOSED CHANGES IN CUSTOMS TREATMENT OF TOURIST EXEMPTIONS (REDUCTION OF DUTY-FREE EXEMPTIONS FROM \$100 TO \$10 FOR U.S. RESIDENT RETURNING TO THE UNITED STATES)

We as Americans do not question the general policy of reducing quantitatively the duty-free exemption. We believe there are some special categories of purchases abroad with respect to which in our view maintenance of the \$100 duty-free exemption is not calculated to materially affect the purpose of this program while reducing some of the particularly adverse results that would stem therefrom. Here we refer to the duty-free shops that are located at airports where last-minute impulse buying takes place during the approximate half hour period between entry into the airport and the time of plane departures. The purchases made at these duty-free shops are very small indeed in relation to the total amount of purchases made abroad.

We are informed, however, that the elimination of a \$100 exemption would have a drastic effect on the operation of the duty-free shop located at the Shannon Airport. The Shannon Airport had its origin during the very early days of international air transportation, and the decision to establish an airport at Shannon was one in which among others the United States Government actively participated, for its basic purpose was to provide safety and, more important, to serve as a refueling airport close to the long water journey to the North American eastern border. In order to help financially support this airport, Ireland established a duty-free shop which has served not only as a means of financing the operation of the Shannon Airport but also served to provide a fair measure of employment in an area of Ireland where for so many years underemployment had prevailed.

We have been informed that the reduction in the duty-free exemption from \$100 to \$10 will cause a reduction in the amount of purchases at the Shannon shop of approximately \$2,000,000, and is calculated to result in the loss of employment of over 200 people. This reduction in purchases will also affect the employment of people working on handicraft in the regions outlying Shannon whose handicrafts are sold at the Shannon duty-free shop. Moreover, the profits derived from this operation forms part of the general income of the Shannon Airport.

Shannon, Ireland pioneered in establishing airport duty-free shops in Europe. Since that time duty-free shops have been established in Amsterdam, in Brussels, in Frankfurt, in Paris and in London. However, we are advised that most of the sales in the duty-free shops in Europe other than that in Shannon arise from international traffic within Europe as well as to a lesser extent from continental traffic with Africa, Asia and Australia. We are informed that, conversely, the Shannon Airport Duty-Free Shop derives almost 90% of its shop sales from United States tourists returning home from Shannon on the close of their holidays in Ireland or other parts of Europe. We have not undertaken to assemble accurate figures as to the aggregate amount of sales made to United States residents in all of these duty-free shops but we are informed that in any event, the aggregate amount of such last minute sales made in these airport duty-free shops throughout Europe represents an infinitesimal proportion of total purchases made in all Europe. The proposed reduction therefore in the duty-free allowance to United States residents would have a drastic effect on sales at the Shannon Airport Shop but would have very little effect on the other European duty-free shops. Since these duty-free shops basically form part of the operation of airports and since these small amounts of purchases by American returning