

instance, might lay over at some European gateway city such as London or Amsterdam, or some Asian gateway city such as Tokyo or Manila. He might need to remain longer than 12 hours due to difficulties in connections or because of the necessity to rest during the long trip. We would recommend that this problem be alleviated by allowing stopovers of 3 or 4 days where the onward journey continues for 1,000 miles or more beyond the first lay-over point.

3. There are certain other sources of income for students while overseas which, if they have not otherwise been provided for, should clearly be exempted from the category of taxable expenditures. This should include hospitality provided by foreign institutions or individuals, scholarships from governmental or private sources, and maintenance allowances provided to individuals participating in trainee programs by the corporations with which they were training.

SUMMARY AND CONCLUSION

In summary, the Council on International Educational Exchange wishes to reaffirm the importance of educational exchange as a fundamental part of our educational system.

We feel that enactment of the proposed taxes on international travel as presently outlined would result in significant disruption of a number of important exchange programs. These programs would be heavily taxed because they may cost much more than \$7 per day and may be less than 120 days in length.

The council recommends that expenditures for educational exchange programs by secondary schools, colleges, universities and non-profit organizations be exempt from the proposed 5 percent international transportation tax and from the proposed foreign expenditure tax.

The council further recommends that:

1. All international transportation purchased for use by non-U.S. students or professors be exempt from the 5 percent transportation tax whether purchased in the United States or abroad.

2. Daily expenditures by students, teachers and professors up to \$15 a day be exempted from the foreign expenditure tax.

3. On international transportation, a stop-over of 3 days should be permitted at the first point of arrival where subsequent travel amounts to 1,000 miles or more without making such subsequent travel subject to a per diem tax rather than the 5 percent transportation tax.

4. Certain forms of overseas income such as family hospitality, scholarships and maintenance allowances for trainees should be specifically exempted from the foreign expenditure tax.

Although we have not made an extensive study of the way in which these taxes would be collected, our staff does handle large numbers of students who are leaving from and returning to the United States. We feel that the proposed procedures could cause serious congestion at airports and piers and might interfere with operating schedules at these facilities. We urge that a careful study be made as to the number of agents needed to handle these administrative functions expeditiously.

In conclusion we believe that students, teachers, and professors should be given every encouragement by the Government and by the educational community to pursue knowledge through international travel.