Mr. ULLMAN. I just can't accept the conclusion that this tax is being paid by their industry as well as by ours. We pay an income tax. Our tax is in the form of an income tax. They don't have a comparable rate of income tax or applied in the same way. They take their tax in the form of a value-added tax. This is more true of some countries than others but certainly very true of a lot of countries.

That is their form of taxation in lieu of income taxes and to the extent that is true then they are not paying an equivalent tax for that commodity.

We need to do some real serious study on the actual economic consequences of this approach to taxation at the border.

Ambassador ROTH. Well, you are quite right that a great deal more work has to be done. A great deal has already been done. I think members of the committee might like to see a very good discussion of this done by Stan Surrey some months ago and maybe we could submit it.

I would like to say that the European added-value tax is not in lieu of an income tax. They use that and a corporate tax as well.

Mr. ULLMAN. In France to what extent is that true?

Ambassador ROTH. Actually in France it is about the same. Of course, a much greater proportion of taxation in Europe falls on the consumer, and actually, as you know, the added-value tax is levied in the final sale to the consumer.

You have the price of the goods and then you have added to it the 10 percent added-value tax.

Mr. ULLMAN. I would like to have a more thorough analysis of this in the record than the general statements that we have had here because it has been my distinct impression that the European nations are relying more and more heavily on the value-added approach to taxation to carry the heavy burden of their tax structure.

Ambassador ROTH. This is true, but they also have a very heavy corporate tax and, Mr. Congressman. Mr. Chairman, I would like to submit for the record some very detailed analysis of this whole problem that we have, and then we would be glad to discuss it in great detail with you because it is a very complex problem.

The CHAIRMAN. Without objection that will be made a part of the record.

(The following information was received by the committee:)

EUROPEAN TAX SYSTEMS

The information submitted on this subject consists of the following:

Exhibit A.—The three tables referred to in the Committee hearing:

Table 1.—Maximum Tax Rates by Central Governments on Undistributed Corporate Profits, 1968.

Table 2.—Taxation by Central Governments of Corporate Profits Distributed as Dividends.

Table 3.—Taxes as a Percent of GNP in Selected Industrial Countries, 1959, 1961, 1963, and 1965.

Exhibit B.—Address by Stanley Surrey to the National Industrial Conference Board, February 19, 1968.

Exhibit C.—Article by Stanley Surrey, "The Wonderful World of Taxes" in *The Columbia Journal of World Business*, Vol. III, No. 3, May–June 1968.

Exhibit D.—"Border Tax Adjustments", by Kenneth Mesere, in *The OECD Observer*, October 1967.

Exhibit E.—Table prepared by the Office of Tax Analysis, U.S. Treasury Department: Indirect Business Taxes in Selected European Countries not Related on Exports or Imposed on Imports.