

Public Law 93-16

JOINT RESOLUTION

April 9, 1973
[H. J. Res. 5]

Requesting the President to issue a proclamation designating the week of April 23, 1973, as "Nicolaus Copernicus Week" marking the quinquacentennial of his birth.

Nicolaus
Copernicus Week.
Designation au-
thorization.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States is hereby authorized and requested to issue a proclamation designating the week of April 23, 1973, as "Nicolaus Copernicus Week" and calling upon the people of the United States to join with the Nation's scientific community as well as that of Poland and other nations in observing such week with appropriate ceremonies and activities.

Approved April 9, 1973.

Public Law 93-17

AN ACT

April 10, 1973
[H. R. 3577]

To provide an extension of the interest equalization tax, and for other purposes.

Interest Equal-
ization Tax Ex-
tension Act of
1973.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE, ETC.

(a) **SHORT TITLE.**—This Act may be cited as the "Interest Equalization Tax Extension Act of 1973".

(b) **AMENDMENT OF 1954 CODE.**—Whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference is to a section or other provision of the Internal Revenue Code of 1954.

68A Stat. 3.
26 USC 1 et seq.

SEC. 2. EXTENSION OF INTEREST EQUALIZATION TAX.

78 Stat. 809;
85 Stat. 13.

Section 4911(d) is amended by striking out "March 31, 1973" and inserting in lieu thereof "June 30, 1974".

SEC. 3. OTHER AMENDMENTS.

(a) **ESTATE TAXATION OF CERTAIN DEBT WHERE INTEREST EQUALIZATION TAX APPLIES.**—

80 Stat. 1572.

(1) **ESTATE TAX NOT TO APPLY.**—The last sentence of section 2104(c) (relating to treatment of certain debt obligations for estate tax purposes) is amended by inserting "or section 861(a) (1) (G)" after "by reason of section 861(a) (1) (B)".

85 Stat. 15.
80 Stat. 1542.

(2) **EFFECTIVE DATE.**—The amendment made by paragraph (1) shall apply with respect to estates of decedents dying after December 31, 1972, except that in the case of the assumption of a

debt obligation of a foreign corporation which is treated as issued under section 4912(c)(2) after December 31, 1972, and before January 1, 1974, the amendment made by paragraph (1) shall apply with respect to estates of decedents dying after December 31, 1973.

85 Stat. 14.
26 USC 4912.

(b) REPEAL OF EXEMPTION FOR SHIPPING COMPANIES IN LESS DEVELOPED COUNTRIES.—

(1) IN GENERAL.—Section 4916 (relating to investments in less developed countries) is amended by adding at the end thereof the following new subsection:

78 Stat. 827.

“(e) REPEAL OF EXCLUSION FOR ISSUES AFTER JANUARY 29, 1973 IN THE CASE OF LESS DEVELOPED COUNTRY SHIPPING COMPANIES.—Subsection (a)(2) shall not apply to acquisitions of stock or debt obligations of a corporation described in subsection (c)(1)(B) (relating to certain less developed country shipping companies) which were issued after January 29, 1973.”

81 Stat. 159.

(2) CONFORMING AMENDMENT.—Section 4916(a)(2) is amended by inserting “(except as provided in subsection (e))” after “less developed country corporation”.

(c) EXCEPTIONS TO EXCLUSION RULES FOR CERTAIN PRE-EXISTING COMMITMENTS, ETC.—

(1) EXCEPTION FOR PRE-EXISTING COMMITMENTS.—Section 4916(e) of the Internal Revenue Code of 1954 (relating to repeal of exclusion for issues after January 29, 1973, in the case of less developed country shipping companies) shall not apply to an acquisition—

Supra.

(A) made pursuant to an obligation to acquire which, on January 29, 1973—

(i) was unconditional, or

(ii) was subject only to conditions contained in a formal contract under which partial performance had occurred;

(B) as to which on or before January 29, 1973, the acquiring United States person (or, in a case where 2 or more United States persons are making acquisitions as part of a single transaction, a majority in interest of such persons) had taken every action to signify approval of the acquisition under the procedures ordinarily employed by such person (or persons) in similar transactions, subject only to the execution of formal documents evidencing the acquisition and to customary closing conditions, and the acquiring United States person (or persons)—

(i) had sent or deposited for delivery to the foreign issuer or obligor from whom the acquisition was made written evidence of such approval in the form of a com-

mitment letter, memorandum of terms, draft purchase contract, or other documents setting forth, or referring to a document sent by the foreign issuer or obligor from whom the acquisition was made which set forth, the principal terms of such acquisition, or

(ii) had received from the foreign issuer or obligor from whom the acquisition was made a memorandum of terms, draft purchase contract, or other document setting forth, or referring to a document sent by the acquiring United States person (or persons) which set forth, the principal terms of such acquisitions;

(C) of stock or a debt obligation issued in connection with the purchase or lease of a vessel the construction of which was begun before January 30, 1973, if—

(i) the acquisition meets the requirements of subparagraph (B) (except that for purposes of this clause, the term "January 29, 1973" appearing in such subparagraph shall be read as "April 30, 1973"), and

(ii) the contract for the construction of the vessel was entered into by the United States person, or by a less developed country corporation described in section 4916

(c) (1) (B) of the Internal Revenue Code of 1954 which is a member of the same controlled group (within the meaning of section 1563 (a) of such Code) as that person, which purchased or leased such vessel; or

(D) of stock or a debt obligation issued in connection with a purchase or lease of a vessel the construction of which was begun before January 30, 1973 if—

(i) a request for a ruling had been filed with the Internal Revenue Service within 60 days prior to January 30, 1973, with respect to the transaction,

(ii) before such date the United States person financing the transaction (or if two or more such persons are participating in financing the transaction, a majority in interest of such persons) had approved the transaction, or given a commitment to participate in the transaction (orally or in writing), subject to customary closing conditions, and

(iii) the vessel to be acquired in the transaction was delivered on or before March 1, 1973.

For purposes of this paragraph—

(I) FOREIGN ISSUER OR OBLIGOR.—The term "foreign issuer or obligor" shall include any person which, on the date of such acquisition, owned at least 80 percent of each class of stock of the foreign issuer or obligor, as determined under section 958 (a) of

81 Stat. 159.
26 USC 4916.

78 Stat. 120;
83 Stat. 602.

"Foreign issuer or obligor."

the Internal Revenue Code of 1954, or which is the agent or representative of such person.

(II) **ACQUIRING UNITED STATES PERSON.**—The term “acquiring United States person (or persons)” includes the immediate predecessor in interest to such person or persons.

76 Stat. 1018.
26 USC 953.

“Acquiring United States person (or persons).”

(2) **EXCEPTION FOR PUBLIC OFFERING.**—Such section 4916(e) shall not apply to an acquisition if—

Ante, p. 13.

(A) a registration statement (within the meaning of the Securities Act of 1933) had been in effect, with respect to the stock or debt obligation acquired, at the time of its issuance;

48 Stat. 74.
15 USC 77a.

(B) the registration statement was first filed with the Securities and Exchange Commission on January 29, 1973, or within 90 days before that date; and

(C) no amendment was filed with the Securities and Exchange Commission after January 29, 1973, and before the issuance of such stock or debt obligation which had the effect of increasing the number of shares of stock or the aggregate face amount of the debt obligations covered by the registration statement.

(3) **EXCEPTION FOR OPTIONS, FORECLOSURES, AND CONVERSIONS.**—Such section 4916(e) shall not apply to an acquisition—

(A) of stock pursuant to the exercise of an option or similar right (or a right to convert a debt obligation into stock), if such option or right was held on January 29, 1973, by the person making the acquisition or by a decedent from whom such person acquired the right to exercise such option or right by bequest or inheritance or by reason of such decedent's death, or

(B) of stock or debt obligations as a result of a foreclosure by a creditor pursuant to the terms of an instrument held by such creditor on January 29, 1973.

(4) **CONSTRUCTION.**—The provisions of this subsection shall be construed and applied as if this subsection were part of chapter 41 of the Internal Revenue Code of 1954 (relating to interest equalization tax), and the terms used in this subsection shall have the same meaning as such terms have when used in such chapter.

26 USC 4911
et seq.

(d) **EXCLUSION FOR SECURITIES ISSUED TO FINANCE NEW OR ADDITIONAL DIRECT INVESTMENT IN THE UNITED STATES.**—

(1) **EXCLUSION FROM TAX.**—Subchapter A of chapter 41 (relating to acquisition of foreign stock and debt obligations) is amended by adding at the end thereof the following new section:

78 Stat. 809;
85 Stat. 21.

“SEC. 4922. EXCLUSION FOR CERTAIN ISSUES TO FINANCE NEW OR ADDITIONAL DIRECT INVESTMENT IN THE UNITED STATES.

“(a) GENERAL RULE.—The tax imposed by section 4911 shall not apply to the acquisition by a United States person of—

“(1) stock or a debt obligation constituting all or part of a new issue (as defined in section 4917(c)) which was issued for the purpose of financing new or additional direct investment (as defined by the Secretary or his delegate) in the United States by the foreign issuer or obligor and which qualifies under subsection (b),

78 Stat. 830.

“(2) stock pursuant to a right to convert a debt obligation into stock without the payment of any further consideration if such debt obligation qualified for exclusion from tax under this subsection when it was issued, or

“(3) a debt obligation issued for the purpose of refunding or refinancing a new or original issue which met the requirements of paragraph (1) when that new or original issue was issued.

“(b) **QUALIFICATION FOR EXCLUSION.**—In order for any issue of stock or debt obligations to qualify for an exclusion under subsection (a), the foreign issuer or obligor (prior to the issuance of such stock or debt obligations) shall have established to the satisfaction of the Secretary or his delegate, pursuant to rules or regulations prescribed by the Secretary or his delegate, that—

“(1) at least 50 percent of the total funds required for the direct investment involved will come from sources outside the United States;

“(2) such investment will be made for a period of at least 10 years;

“(3) during such 10-year period the aggregate amount of all investments in the United States by the foreign issuer or obligor will at no time be reduced below the aggregate amount of such investments as determined immediately after the investment to which the exclusion applies;

“(4) during such 10-year period the foreign issuer or obligor will comply with such other conditions and requirements as the Secretary or his delegate may prescribe and make applicable to such issuer or obligor; and

“(5) during such 10-year period the foreign issuer or obligor will submit such reports and information, in such form and manner, as may be required by the Secretary or his delegate to substantiate compliance by the foreign issuer or obligor with the requirements of the preceding paragraphs.

For purposes of this subsection, a foreign issuer or obligor shall not be considered to have failed to meet the requirements of this subsection with respect to an issue of stock described in subsection (a) (2), or a debt obligation described in subsection (a) (3), if he continues to comply with the requirements imposed on him by this subsection with respect to the debt obligation converted, refunded, or refinanced, for the full 10-year period.

“(c) **LOSS OF ENTITLEMENT TO EXCLUSION IN CASE OF SUBSEQUENT NONCOMPLIANCE.**—

“(1) **IN GENERAL.**—Where an exclusion under subsection (a) has applied with respect to the acquisition of any stock or debt obligation, but the foreign issuer or obligor subsequently fails (before the termination date specified in section 4911(d)) to comply with any of the requirements enumerated in subsection (b) or made applicable to such issuer or obligor under paragraph (4) thereof, then liability for the tax imposed by section 4911 (in an amount determined under paragraph (2) of this subsection) shall be incurred by such foreign issuer or obligor (with respect to such stock or debt obligations) at the time such failure to comply occurs as determined by the Secretary or his delegate.

“(2) **AMOUNT OF TAX.**—In any case where an exclusion under subsection (a) has applied with respect to an original or new issue of stock or debt obligations, but a subsequent failure to comply with the requirements enumerated in or made applicable to the foreign issuer or obligor under subsection (b) occurs and liability for the tax imposed by section 4911 is incurred by the issuer or obligor as a result thereof, the amount of such tax shall be equal to the amount of tax for which all persons acquiring such stock or debt obligations (as part of the original or new issue) would have been liable under such section upon their acquisition thereof if such exclusion had not applied to such acquisition.”

(2) **PENALTY.**—Subchapter B of chapter 68 (relating to assessable penalties) is amended by adding at the end thereof the following new section:

Ante, p. 12.

78 Stat. 809.
26 USC 4911.

68A Stat. 828;
86 Stat. 936,
1496.
26 USC 6671.

"SEC. 6689. FAILURE BY CERTAIN FOREIGN ISSUERS AND OBLIGORS TO COMPLY WITH UNITED STATES INVESTMENT EQUALIZATION TAX REQUIREMENTS.

"In addition to any other penalties imposed by law, any foreign issuer or obligor with respect to an original or new issue of whose stock or debt obligations an exclusion from tax under section 4922 applied, but who fails to comply with any of the applicable requirements enumerated in or made applicable to such issuer or obligor under subsection (b) of such section and (under section 4922(c)) incurs liability for the tax imposed by section 4911 as a result thereof, shall, unless it is shown that such failure to comply is due to reasonable cause and not due to willful neglect, be liable (in addition to the liability for tax so incurred) for a penalty equal to 25 percent of the total amount of such tax."

Ante, p. 15.

78 Stat. 809.
26 USC 4911.

(3) CONFORMING AMENDMENTS.—

(A) The table of sections for subchapter A of chapter 41 is amended by adding at the end thereof the following new item:

"Sec. 4922. Exclusion for certain issues to finance new or additional direct investment in the United States."

(B) The table of sections for subchapter B of chapter 68 is amended by adding at the end thereof the following new item:

"Sec. 6689. Failure by certain foreign issuers and obligors to comply with United States investment equalization tax requirements."

(e) **CORPORATIONS FORMED TO ACQUIRE FOREIGN SECURITIES.**—Section 4912(b)(3) (relating to acquisitions from domestic corporation or partnership formed or availed of to obtain funds for foreign issuer or obligor) is amended by adding at the end thereof the following: "The preceding sentence shall not apply to the acquisition of stock or a debt obligation of a domestic corporation all of whose acquisitions of stock or debt obligations of foreign issuers or obligors are either subject to the tax imposed by section 4911 or without liability for payment of such tax under section 4916, 4917, 4918, or 4920(b). An acquisition to which section 4914(c) applies shall not be taken into consideration in determining whether a domestic corporation or partnership is formed or availed of for the purpose of obtaining funds (directly or indirectly) for a foreign issuer or obligor."

78 Stat. 810.

78 Stat. 827.
81 Stat. 148.
79 Stat. 963.
Post, p. 18.

(f) EXPORT FINANCING.—

(1) **SALE OR LEASE OF UNITED STATES PROPERTY OR SERVICES.**—Section 4914(c)(1) (relating to export credit, etc., transactions) is amended to read as follows:

78 Stat. 815;
81 Stat. 158.

"(1) **IN GENERAL.**—The tax imposed by section 4911 shall not apply to the acquisition of a debt obligation arising out of the sale or lease of tangible personal property or services, or both, if—

"(A) payment of such debt obligation (or of any related debt obligation arising out of such sale or lease) is guaranteed or insured, in whole or in part, by an agency or wholly owned instrumentality of the United States; or

"(B) (i) not less than 85 percent of the amount of the loan or the amount paid or other consideration given to acquire such debt obligation is attributable to the sale or lease of property manufactured, produced, grown, or extracted in the United States, or to the performance of services by United States persons, or to both, and

"(ii) the extension of credit and the acquisition of the debt obligation related thereto are reasonably necessary to accomplish the sale or lease of property or services out of which the debt obligation arises, and the terms of the

debt obligation are not unreasonable in light of credit practices in the business in which the person selling or leasing such property or services is engaged.

"Services."

The term 'services' as used in this paragraph and paragraph (2), shall not be construed to include functions performed as an underwriter."

78 Stat. 813;
81 Stat. 158.
26 USC 4914.

(2) REFUNDING OR REFINANCING CERTAIN DEBT OBLIGATIONS.—Section 4914(c) is amended by redesignating paragraph (8) as (9), and by inserting after paragraph (7) the following new paragraph:

78 Stat. 809.

"(8) REFUNDING OR REFINANCING CERTAIN DEBT OBLIGATIONS.—The tax imposed by section 4911 shall not apply to the acquisition of a debt obligation issued for the purpose of refunding or refinancing a new or original debt obligation if—

"(A) the purpose for which and circumstances under which the new or original debt obligation was issued are such that, were such debt obligation issued on the date on which the refunding or refinancing debt obligation is issued, the acquisition of that new or original debt obligation would not be subject to tax under section 4911, and

"(B) the terms of the refunding or refinancing debt obligation are not unreasonable in light of credit practices in the business in which the person acquiring the debt obligation is engaged and the refunding or refinancing of the new or original debt obligation is customary in transactions of the type out of which it arose."

85 Stat. 17.

(g) (1) EXCLUSION FOR ACQUISITIONS BY QLFC'S TO FINANCE EXPORTS.—Section 4915(e) (1) (A) is amended to read as follows:

"(A) (i) the amounts received by the corporation as a result of the acquisition will not be used to acquire stock of foreign issuers or debt obligations of foreign obligors (other than stock or debt obligations the acquisition of which is not subject to the tax imposed by section 4911 on account of section 4914(c)), or utilized in any way outside of the United States other than for the acquisition of tangible personal property for leasing which is manufactured or produced in the United States, or (ii) the funds used for such acquisition were obtained from sources outside the United States; and"

85 Stat. 18.

(2) DEFINITION OF QLFC AMENDED.—Section 4920(d) (2) is amended by striking out everything preceding subparagraph (A) and inserting in lieu thereof the following:

"(2) all debt obligations of foreign obligors (other than debt obligations the acquisition of which is not subject to the tax imposed by section 4911 on account of section 4914(c)) acquired by such corporation, and all tangible personal property not manufactured or produced in the United States acquired by such corporation for leasing, are acquired and carried solely out of—"

81 Stat. 148,
175.

(h) (1) PARTICIPATING FIRMS TRADING FOR THEIR OWN ACCOUNTS.—Section 4918(e) (relating to sales effected by participating firms in connection with exempt acquisitions) is amended by—

(A) striking "or" at the end of paragraph (7),

(B) redesignating paragraph (8) as (9), and

(C) inserting after paragraph (7) the following new paragraph:

"(8) sells for its own account and pays the tax imposed under section 4911 on its acquisition of such stock or debt obligation not later than the time it would be required to pay over such tax to the Secretary or his delegate if such tax were withheld under paragraph (7); or"

(2) **EFFECTIVE DATE.**—The amendment made by this subsection shall apply to acquisitions of stock or debt obligations made on or after July 15, 1967.

(i) (1) **INTEREST EQUALIZATION TAX REFUNDS.**—Section 4919(a) (relating to credit or refund) is amended by striking out “credit or refund (without interest)” and inserting in lieu thereof “credit (without interest) or refund”.

78 Stat. 833;
85 Stat. 20.
26 USC 4919.

(2) **GRACE PERIOD FOR PROMPT REFUNDS.**—Section 6611 (relating to interest on overpayments) is amended by redesignating subsection (h) as (i), and by inserting after subsection (g) the following new subsection:

68A Stat. 819;
72 Stat. 1640.

“(h) **REFUND WITHIN 45 DAYS AFTER FILING CLAIM FOR REFUND OF INTEREST EQUALIZATION TAX PAID ON SECURITIES SOLD TO FOREIGNERS.**—No interest shall be allowed under subsection (a) on any overpayment of the tax imposed by section 4911, arising by reason of section 4919(a), if the overpayment is refunded within 45 days after the filing of a claim for refund for that overpayment of tax with respect to a prior quarter.”

78 Stat. 809.
Supra.

(j) **CHANGES IN DEFINITIONS AND SPECIAL RULES.**—

(1) **FOREIGN LENDING OR FINANCE BUSINESSES.**—Section 4920

(a) (3A) is amended by—

81 Stat. 161.

(A) amending subparagraph (A) to read as follows:

“(A) the term ‘lending or finance business’ has the meaning given to it by section 542(d)(1), except that the portion of subparagraph (B)(i) of such section following ‘60 months’ shall be disregarded;” and

“Lending or
finance business.”
78 Stat. 80.

(B) adding at the end of such section the following sentence: “For purposes of determining whether a domestic corporation is primarily engaged in the lending or finance business, ownership of stock of an affiliated corporation which satisfies the requirements of clause (i) and (ii) of paragraph (3)(C) shall be disregarded.”

(2) **FUNDING OF STOCK OPTIONS AND OTHER ISSUES OF STOCK.**—Section 4920(b)(2) (relating to class of stock defined) is amended by—

79 Stat. 963;
85 Stat. 20.

(A) striking “or” at the end of subparagraph (C),

(B) redesignating subparagraph (D) as (E),

(C) inserting after subparagraph (C) the following new subparagraph:

“(D) issued after November 10, 1964, and prior to January 30, 1973, upon exercise of a stock option granted to an individual, in connection with his employment by the employer corporation, or its parent or subsidiary corporation, to purchase stock of any such corporations if the tax imposed by section 4911 has been paid;”

(D) amending clause (ii) of subparagraph (E) (as redesignated by subparagraph (B) of this paragraph) by inserting before the semicolon the following: “, or on the latest record date before the issuance of such additional shares”;

(E) amending clause (iv) of such subparagraph (E) by inserting after “4917,” the following: “or are shares issued after January 29, 1973, upon exercise of an option described in section 4914(a)(8) (determined without regard to whether or not the optionee is a United States person) granted to an employee who immediately after such option is granted is an individual described in section 422(b)(7) (provided that the aggregate number of shares of such class subject to all options described in section 4914(a)(8) (determined without regard to whether or not the optionee is a United States person) that are granted during one calendar year does not

78 Stat. 813.

78 Stat. 64.

Ante, p. 19.

exceed one percent of the total number of outstanding shares of such class on the first day of such calendar year),”

(F) striking the period at the end of clause (v) of such subparagraph (E) and inserting a semicolon and “or”,

(G) inserting after such subparagraph (E) the following new subparagraph:

“(F) issued after March 31, 1973, as consideration for, or upon conversion (or in connection with the prior conversion) of debt obligations which were the consideration for, the acquisition of stock of a foreign corporation, if immediately after such acquisition the acquiring corporation owns (directly or indirectly) more than 50 percent of the total combined voting power of all classes of stock of such foreign corporation, or the acquisition of more than 50 percent (in value) of the assets of a foreign corporation, if—

“(i) such corporation satisfied the requirements of sections 4920(b)(2)(E) (i), (ii), and (iii);

“(ii) shares of such class were held of record by more than 5,000 persons on such corporation’s latest record date before January 1, 1973;

“(iii) during the period beginning on January 1, 1973, and running through the date of issuance of such shares, shares of such class were listed for trading on one or more national securities exchanges registered with the Securities and Exchange Commission;

“(iv) during the period beginning on January 1, 1973, and running through the date of the issuance of the additional shares such corporation has maintained its principal office in the United States;

“(v) during the period beginning on January 1, 1973, and running through the date of issuance of the additional shares such corporation has been engaged in trade or business in the United States;

“(vi) during the 5-year period immediately preceding the date of issuance, the aggregate number of additional shares (other than additional shares issued under subparagraph (B), (C), (D), or (E) of this subsection) does not exceed 5 percent of the total number of outstanding shares of such class on the first day of such 5-year period, and

“(vii) the acquired foreign corporation was engaged in the active conduct of a trade or business (other than as a dealer in securities) immediately before the date of such acquisition.”, and

(H) striking “subparagraph (D)” wherever it appears in the text of such section 4920(b)(2) after subparagraph (F) (added by subparagraph (G) of this paragraph) and inserting in lieu thereof “subparagraph (E)”.

(3) FOREIGN SOURCE BORROWING BY QLFC FROM RELATED CORPORATIONS.—Section 4920(d)(2)(A)(iii) is amended to read as follows:

“(iii) a foreign corporation (not including a qualified lending or financing corporation or a foreign corporation engaged in the commercial banking business which acquires such debt obligations in the ordinary course of such commercial banking business), if such corporation

(or one or more includible corporations in an affiliated group, as defined in section 1504, of which such corporation is a member) owns directly or indirectly (within the meaning of section 4915(a)(1)) 10 percent or more of the total combined voting power of all classes of stock of such foreign corporation, except to the extent such foreign corporation has, after having given advance notice to the Secretary or his delegate, sold its debt obligations to persons other than persons described in clauses (i) and (ii) and this clause and is using the proceeds of the sales of such debt obligations to acquire the debt obligations of such corporation (or such other domestic corporation);".

68A Stat. 369.
26 USC 1504.

78 Stat. 824.

(4) PERCENTAGE OF STOCK OWNED BY PARENT CORPORATION OF QLFC.—Section 4920(d)(2)(B) is amended by striking out "by one or more members of a controlled group (as defined in section 48(c)(3)(C)) of which such corporation is a member (or by a corporation which would be such a member if it were a domestic corporation)" and inserting "by a corporation owning directly or indirectly (within the meaning of section 4915(a)(1)) 10 percent or more of the total combined voting power of all classes of stock of such corporation".

85 Stat. 18.

83 Stat. 603.

(5) SOURCE OF FUNDS FOR QLFC'S.—Section 4920(d)(2) is amended by—

(A) striking "or" at the end of subparagraph (C),

(B) striking the semicolon at the end of subparagraph (D) and inserting in lieu thereof a comma and "or", and

(C) adding at the end thereof the following new subparagraph:

(E) the proceeds of the sale of debt obligations (by a domestic corporation which has made an election under section 4912(c) with respect to such debt obligations) to a person other than a person described in clause (i), (ii), or (iii) of subparagraph (A) if the proceeds are transferred directly from the lender to such corporation;".

85 Stat. 14.

(6) EQUITY INVESTMENTS OF QLFC'S.—Section 4920(d)(3) is amended to read as follows:

"(3) which does not acquire or own any stock of foreign issuers or of domestic corporations or domestic partnerships other than—

"(A) stock of one or more members of a controlled group (as defined in section 48(c)(3)(C)) of which such corporation is a member (or of a corporation which would be a member if it were a domestic corporation) acquired as payment for stock, or as a contribution to capital, of such corporation,

"(B) (i) stock of a corporation described in section 4915(e)(2)(C) or section 4920(a)(3B), if 10 percent or more of the total combined voting power of all classes of such stock is owned (directly or indirectly) by the acquiring corporation, or

85 Stat. 17, 18.

"(ii) stock of a partnership which meets the requirements of section 4920(d)(1) and (2) under regulations promulgated by the Secretary or his delegate, if immediately following the acquisition such corporation owns (directly or indirectly) 10 percent or more of the profits interest in such partnership,

Ante, p. 20.

“(C) stock acquired by such corporation through foreclosure, where such stock was held by such corporation as security for loans or leases described in paragraph (1) if such stock is disposed of within a 90-day period beginning on the day after the date of such foreclosure (including any additional 90-day periods reasonably necessary to dispose of such stock that the Secretary or his delegate may allow), or

“(D) stock of a foreign corporation acquired in connection with and incidental to an acquisition of a debt obligation in a transaction described in paragraph (1) if (i) at the time of the acquisition of the debt obligation the value of such stock does not exceed 10 percent of the value of the debt obligation, and (ii) the terms of the debt obligation are not unreasonable in light of credit practices in the business in which the corporation acquiring such debt obligation is engaged; and”.

(7) STOCK DIVIDENDS BY CERTAIN MUTUAL FUNDS.—Section 4920(e) (relating to certain mutual funds) is amended by inserting before the period “, except stock issued as a capital gain dividend, as defined in section 852(b) (3) (C)”.

SEC. 4. REPORT BY SECRETARY OF TREASURY.

The Secretary of the Treasury shall study the effect on international monetary stability of the exemption granted under the authority of section 4917 of the Internal Revenue Code of 1954 (relating to exclusion for original or new issues where required for international monetary stability) from the tax imposed by chapter 41 of such Code (relating to interest equalization tax) of new issues of Canadian stock or debt obligations. The Secretary shall report to the Congress, not later than September 30, 1973, the results of such study and his conclusions as to whether the termination of such exemption will have such consequences for Canada as to imperil or threaten to imperil the stability of the international monetary system, together with any recommendations, including recommendations for legislation, he may have.

Approved April 10, 1973.

Public Law 93-18

JOINT RESOLUTION

To authorize the President to designate the period beginning April 15, 1973, as “National Clean Water Week”.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That, to emphasize the importance of intelligently planned use and distribution of the Nation’s water resources, and in recognition of the highly developed professional and industrial techniques which provide the American people with a constant supply of clean water for use in home, office, school, factory, hospital, and wherever else such clean water is needed, the President is hereby authorized and requested to issue a proclamation designating the period beginning April 15, 1973, and ending April 22, 1973, as “National Clean Water Week”, calling upon interested groups and organizations to observe such week with appropriate ceremonies and activities.

Approved April 14, 1973.

85 Stat. 21.
26 USC 4920.

68A Stat. 271;
83 Stat. 637.

78 Stat. 830;
79 Stat. 960.

26 USC 4911.

Report to
Congress.

April 14, 1973
[H. J. Res. 437]

National Clean
Water Week.
Designation
authorization.