

NIXON ASKS POWER TO CUT, RAISE OR CANCEL TARIFFS AND TO SET IMPORT CURBS

President Acts to Tighten Overseas-Business Taxes

By EILEEN SHANAHAN
Special to The New York Times

WASHINGTON, April 10—President Nixon asked Congress today to make several relatively limited changes to tighten the tax laws that apply to American companies with overseas operations.

But he urged Congress not to tamper with the fundamental rule—long criticized by tax-reformers—that such companies do not have to pay corporate income tax on the earnings of their foreign subsidiaries unless and until they return those profits to the United States.

The present system is “fundamentally sound,” Mr. Nixon said in a special section on the taxation of overseas business that was contained in his trade message to Congress.

“American enterprises abroad now pay substantial foreign income taxes,” he said, and the existing system of requiring no payment of United States corporate income tax until the earnings are repatriated “permits American-controlled businesses in foreign countries to operate under the same tax burdens which apply to its foreign competitors in the

country.”

The President’s proposals for the change deal largely with companies that move plants overseas and manufacture goods there for shipment back to the United States, and with companies that move to nations that grant extended “tax holidays” to newly arrived businesses.

Other parts of his tax plan deal with the pricing of mineral products between an American concern and its foreign subsidiary and with the treatment of losses incurred in foreign countries.

Mr. Nixon made the tax proposal to Congress at this time, according to Administration officials, so that Congress could consider it in conjunction with his foreign-trade proposals if it wished.

Alternatively, Congress could consider the tax proposals dealing with international businesses as part of an over-all tax reform bill.

The question of whether Congress would actually get to general tax reform this year

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URGENCY STRESSED

Message Says Peace Can Be Undermined by Economic Strife

By EDWIN L. DALE Jr.
Special to The New York Times

WASHINGTON, April 10—President Nixon sent Congress today a comprehensive trade bill that would give him sweeping new authority both to raise and lower United States tariffs and other trade barriers as a prelude to forthcoming international negotiations.

The President said his new “Trade Reform Act”—which is nearly a half-inch thick and 124 pages long—calls for the most important changes in more

Excerpts from message and synopsis of bill, Page 69.

than a decade in America’s approach to world trade.” The last big legislative change was the Kennedy Administration’s Trade Expansion Act of 1962.

Although the bill would curb imports in circumstances said its main purpose is to