

26 USC 125 note. (b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1980.

**SEC. 227. ELIMINATION OF WITHHOLDING TAX ON PENSIONS PAID TO CERTAIN NONRESIDENT ALIENS.**

26 USC 871. (a) **IN GENERAL.**—Section 871(f) (relating to taxation of nonresident alien individuals) is amended to read as follows:

26 USC 403. “(1) **IN GENERAL.**—For purposes of this section, gross income  
26 USC 401. does not include any amount received as an annuity under a  
26 USC 501. qualified annuity plan described in section 403(a)(1), or from a  
qualified trust described in section 401(a) which is exempt from  
tax under section 501(a), if—

“(A) all of the personal services by reason of which the annuity is payable were either—

26 USC 864. “(i) personal services performed outside the United States by an individual who, at the time of performance of such personal services, was a nonresident alien, or

“(ii) personal services described in section 864(b)(1) performed within the United States by such individual, and

“(B) at the time the first amount is paid as an annuity under the annuity plan or by the trust, 90 percent or more of the employees for whom contributions or benefits are provided under such annuity plan, or under the plan or plans of which the trust is a part, are citizens or residents of the United States.”

“(2) **EXCLUSION.**—Income received during the taxable year which would be excluded from gross income under this subsection but for the requirement of paragraph (1)(B) shall not be included in gross income if—

“(A) the recipient’s country of residence grants a substantially equivalent exclusion to residents and citizens of the United States; or

“(B) the recipient’s country of residence is a beneficiary developing country within the meaning of section 502 of the Trade Act of 1974 (19 U.S.C. 2462).”

26 USC 871 note. (b) **EFFECTIVE DATE.**—The amendment made by subsection (a) shall apply to amounts received after July 1, 1979.

## **TITLE III—AMENDMENTS RELATING TO ESTATE TAX**

**SEC. 301. ADDITIONAL 3 YEARS ALLOWED TO AMEND GOVERNING INSTRUMENTS TO MEET REQUIREMENTS FOR GIFT OF SPLIT INTEREST TO CHARITY.**

26 USC 2055. (a) **CHARITABLE LEAD TRUSTS AND CHARITABLE REMAINDER TRUSTS IN THE CASE OF ESTATE TAXES.**—The first sentence of paragraph (3) of section 2055(e) (relating to disallowance of deductions in certain cases) is amended—

(1) by striking out “December 31, 1977” and inserting in lieu thereof “December 31, 1978”; and

(2) by striking out “December 31, 1978” each place it appears and inserting in lieu thereof “December 31, 1981”.

(b) **EFFECTIVE DATE.**—