

effect an agreement, entered into pursuant to section 3121(l) of such Code, with respect to such affiliate,”.

26 USC 3121.

(c) Subsection (a) of section 406 of the Internal Revenue Code of 1954 (relating to treatment of certain employees of foreign subsidiaries for pension, etc., purposes) is amended to read as follows:

26 USC 406.

“(a) TREATMENT AS EMPLOYEES OF AMERICAN EMPLOYER.—For purposes of applying this part with respect to a pension, profit-sharing, or stock bonus plan described in section 401(a), an annuity plan described in section 403(a), or a bond purchase plan described in section 405(a), of an American employer (as defined in section 3121(h)), an individual who is a citizen or resident of the United States and who is an employee of a foreign affiliate (as defined in section 3121(l)(8)) of such American employer shall be treated as an employee of such American employer, if—

*Ante*, p. 118.

“(1) such American employer has entered into an agreement under section 3121(l) which applies to the foreign affiliate of which such individual is an employee;

“(2) the plan of such American employer expressly provides for contributions or benefits for individuals who are citizens or residents of the United States and who are employees of its foreign affiliates to which an agreement entered into by such American employer under section 3121(l) applies; and

“(3) contributions under a funded plan of deferred compensation (whether or not a plan described in section 401(a), 403(a), or 405(a)) are not provided by any other person with respect to the remuneration paid to such individual by the foreign affiliate.”

(d) Paragraph (1) of section 407(a) of such Code (relating to certain employees of domestic subsidiaries engaged in business outside the United States) is amended—

26 USC 407.

(1) by striking out “citizen of the United States” and inserting in lieu thereof “citizen or resident of the United States”, and

(2) by striking out “citizens of the United States” and inserting in lieu thereof “citizens or residents of the United States”.

(e)(1) Those provisions of subsection (i) of section 3121 of such Code which are not amended by subsection (a) of this section are amended in accordance with the following table:

26 USC 3121.

**Strike out (wherever it appears in the text or heading):**

domestic corporation .....  
domestic corporations.....  
subsidiary .....  
subsidiaries.....  
foreign corporation .....  
foreign corporations.....  
citizens .....  
the word “a” where it appears before “domestic”.

**And insert:**

American employer  
American employers  
affiliate  
affiliates  
foreign entity  
foreign entities  
citizens or residents  
an

(2)(A) Section 406 of such Code (other than subsection (a) thereof) is amended in accordance with the following table:

26 USC 406.

**Strike out (wherever appearing in the text):**

domestic corporation .....  
subsidiary .....  
the word “a” where it appears before “domestic”.

**And insert:**

American employer  
affiliate  
an

(B) Paragraph (3) of subsection (c) of such section 406 (as in effect before the amendment made by subparagraph (A)) is amended by striking out “another corporation controlled by such domestic corpo-