

FREE IMPORTATION OF GIFTS FROM MEMBERS OF THE ARMED FORCES

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Mr. BYRD of Virginia, from the Committee on Finance, submitted
the following

R E P O R T

[To accompany H.R. 7567]

The Committee on Finance, to whom was referred the bill (H.R. 7567) to extend for a period of 2 years the privilege of free importation of gifts from members of the Armed Forces of the United States on duty abroad, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of H.R. 7567 is to extend for a period of 2 years the temporary privilege which has been provided continuously since 1942, through periodic renewals, of allowing for the entry of so much of any shipment of bona fide gifts as does not exceed \$50 in value without the payment of customs duties and import taxes when such gifts are sent by members of the Armed Forces on duty abroad. The bill was introduced at the request of the Department of Defense, in behalf of the administration.

GENERAL STATEMENT

The act of December 5, 1942 (Public Law 790, 77th Cong., 56 Stat. 1041), allowed, until the expiration of 6 months after the termination of hostilities as determined by proclamation of the President, the entry, free of customs duties or internal revenue import taxes, of so much of any shipment as did not exceed \$50 in value if there were filed in connection with the entry satisfactory evidence that the articles were bona fide gifts from a member of the Armed Forces of the United States on duty outside the continental limits of the United States. Public Law 384 of the 80th Congress extended the period for free entry through June 30, 1949, and also amended the law by restricting the privileges so as to deny free entry on or after September

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1, 1947, unless the article is purchased "in or through authorized agencies of the Armed Forces of the United States or in accordance with regulations prescribed by the major geographical commands of the U.S. Armed Forces."

Public Law 241 of the 81st Congress again extended the period for free entry through June 30, 1951.

Public Law 1 of the 82d Congress again extended the period for free entry through June 30, 1953.

Public Law 19 of the 83d Congress extended the period for free entry through June 30, 1955.

Public Law 190 of the 84th Congress extended the period for free entry through June 30, 1957.

Public Law 30 of the 85th Congress extended the period for free entry through June 30, 1959. Under Public Law 30, in addition to the limit of \$50 on each shipment, the privilege of free entry for alcoholic beverages and tobacco is subject to such further limitation as the Secretary of the Treasury may prescribe. Existing regulations prescribed under the act provide that the privileges of free importation shall not apply to alcoholic beverages or to non-tax-paid American cigarettes exported under the provisions of section 5704 of the Internal Revenue Code.

The Department of Defense in urging the enactment of this legislation expressed the opinion that a very definite morale factor is embodied in this legislation. It is extremely important to a serviceman on tour of duty overseas that he be able to send small gifts and souvenirs from the region in which he is serving to his family and friends in this country. If such articles were made subject to duty the administrative problems involved in sending gifts home would serve to discourage this practice.

Your committee was assured that the legislation is safeguarded from abuse not only by the restrictions contained in the act, but also by appropriate regulations issued by the Department of the Treasury and the Department of Defense.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italic; existing law in which no change is proposed is shown in roman):

ACT OF DECEMBER 5, 1942

AN ACT To accord free entry to bona fide gifts from members of the Armed Forces of the United States on duty abroad

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That under such regulations as the Secretary of the Treasury shall prescribe so much of any shipment as does not exceed \$50 in value, with such further limitation on the importation of alcoholic beverages and tobacco products as the Secretary may prescribe, shall be admitted into the United States or its Territories or possessions or the Commonwealth of Puerto Rico free of all customs duties, charges, or exactions, or internal-revenue

taxes imposed upon or by reason of importation, if there is filed in connection with the entry satisfactory evidence that the articles for which free entry is claimed were purchased in or through authorized agencies of the Armed Forces of the United States or in accordance with regulations prescribed by the major geographical commands of the United States Armed Forces, and are bona fide gifts from a member of the Armed Forces of the United States on duty outside the continental limits of the United States.

SEC. 2. This Act shall be effective with respect to articles entered for consumption or withdrawn from warehouse for consumption on or after the day following the date of its enactment and before July 1, **[1959]** 1961.

