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# Committee Hears Tax, Wine Bills

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A bill to exempt American investment income from Guam's corporate income and business privileges tax was one of two heard yesterday by the Legislature's Committee on Finance and Taxation.

The committee also heard witnesses on a bill to exempt "pop wines" those containing less than 10 per cent alcohol from the tax rate applied to regular wines.

Philip Charles, deputy commissioner of Revenue and Taxation, said a 1972 amendment to the federal income tax law already provides that American firms which invest in Guam solely by lending their capital, but which conduct their main business outside Guam and which do not have an office here, will not be charged the 30 per cent corporate income tax rate applied to foreign investment income.

The proposed bill, said Charles, will put into Guam's statutes what the 1972 amendment already provides.

Guam income tax laws are patterned after the federal government's, except that taxes collected here remain within the territory, it was explained.

Charles noted that before 1972 American firms were discouraged from investing in

Guam through loans because tax laws then considered American investment income as foreign and therefore subject to the 30 per cent tax.

"Then, back on the Mainland," continued Charles, "where the firm is registered to do business, the firm had to pay its own state and federal taxes, meaning double taxes for the firm."

Representatives from three of the island's beer and liquor distributors testified on a bill which would lower the tax rate for wines with less than 10 per cent alcohol from \$2.25 to about 22 cents a gallon.

Herbert Dumont, Connel Bros. general manager, opposed the bill, saying Guam's coffers would be reduced by its passage.

DuMont also criticized the fact that wines with 11 per cent alcohol would be charged the regular \$2.25 a gallon rate.

Frank Shimizu, Ambros Inc. vice president, also opposed the measure, saying it is unfair to tax "pop wines" at 22 cents per gallon and other wines and distilled spirits, regardless of their alcoholic content, at \$2.25 and \$9 a gallon.

Shimizu noted that the alcoholic content for hard liquor varies from 20 to 75 per cent and that the alcoholic content for wines also varies. He added that only two of the island's wine distributors would benefit from the proposed tax break.