SPECIFIC COMMENTS AND RECOMMENDATIONS

Bill section 3:
Proposed code section:

(1)

871(a) *Subject of the tax on nonresident alien individuals* (*page 4, line 6, 9–11; page, 5, lines 3–4*)

In proposed Sections 871 (a) and (b), the words "gross income, of" should replace the words "amount received, by" to conform to Regulations Section 1.871–7(b)(1).

(2)

871(a) It appears that the words "salaries," "wages," "compensation," and "emoluments" in proposed Section 871(a) would never have any effect, since such income under proposed Section 871(c) could be realized only from engaging in a trade or business. While this language is taken from present Section 871(a) and also appears elsewhere (e.g., present Section 1441), confusion might be avoided by eliminating these words from proposed Section 871(a).

(3)

871(c) *Suggested change in purposes for which the term trade or business is defined* (*page 5, line 23*)

Proposed Section 871(c) commencing at line 22 of page 5 pertains to the definition of engaging in trade or business in the case of the tax on nonresident alien individuals. Present Sections 881 and 882 are mentioned on line 23. These sections pertain to foreign corporations. It is suggested that mention of these sections might be more appropriate elsewhere.