"(ii) In the case of a person who is a dealer in commodities, trading in commodities for his own account through a resident broker, commission agent, custodian, or other independent agent.

"(iii) Clauses (i) and (ii) apply only if the commodities are of a kind customarily dealt in on an organized commodity exchange and if the transaction is of a kind customarily consummated at such place.

"(C) LIMITATIONS.—Subparagraphs (A)(ii) and (B)(ii) shall apply only if, at no time during the taxable year, the taxpayer has an office or place of business in the United States through which or by the direction of which the transactions in stocks or securities, or in commodities, as the case may be, are effected.

"(c) EFFECTIVELY CONNECTED INCOME, ETC.—For purposes of this title, factors to be taken into account in determining whether gains, profits, and income or loss shall be treated as 'effectively connected' with the conduct of a trade or business within the United States by a nonresident alien individual or foreign corporation include whether—

"(1) the gains, profits, and income or loss are derived from assets used in or held for use in the conduct of such trade or business,

"(2) the gains, profits, and income or loss are accounted for through such trade or business, or

"(3) the activities of the trade or business were a material factor in the realization of the gains, profits, and income or loss."

(e) EFFECTIVE DATES.—

(1) The amendments made by subsections (a) and (b) shall apply with respect to payments occurring after December 31, 1965.

(2) The amendments made by subsections (c) and (d) shall apply with respect to taxable years beginning after December 31, 1965.

SEC. 3. NONRESIDENT ALIEN INDIVIDUALS.

(a) TAX ON NONRESIDENT ALIEN INDIVIDUALS.—

(1) Section 871 (relating to tax on nonresident alien individuals) is amended to read as follows:

"SEC. 871. TAX ON NONRESIDENT ALIEN INDIVIDUALS.

"(a) INCOME NOT CONNECTED WITH UNITED STATES BUSINESS—30 PERCENT TAX.—

"(1) INCOME OTHER THAN CAPITAL GAINS.—There is hereby imposed for each taxable year a tax of 30 percent of the amount received from sources within the United States by a nonresident alien individual as—

"(A) interest, dividends, rents, salaries, wages, premiums, annuities, compensations, remunerations, emoluments, and other fixed or determinable annual or periodical gains, profits, and income,

"(B) gains described in section 402(a)(2), 403(a)(2), or 631 (b) or (c), and gains on transfers described in section 1235, and

"(C) amounts which under section 341, or under section 1232 (in the case of bonds or other evidences of indebtedness issued after September 28, 1965), are treated as gains from the sale or exchange of property which is not a capital asset,