

**SEC. 875. PARTNERSHIPS.**

For purposes of this subtitle, a nonresident alien individual shall be considered as being engaged in a trade or business within the United States if the partnership of which he is a member is so engaged.

**SEC. 876. ALIEN RESIDENTS OF PUERTO RICO.**

(a) **NO APPLICATION TO CERTAIN ALIEN RESIDENTS OF PUERTO RICO.**—This subpart shall not apply to an alien individual who is a bona fide resident of Puerto Rico during the entire taxable year, and such alien shall be subject to the tax imposed by section 1.

(b) **CROSS REFERENCE.**—

For exclusion from gross income of income derived from sources within Puerto Rico, see section 933.

**SEC. 877. EXPATRIATION TO AVOID TAX.**

(a) **IN GENERAL.**—*Every nonresident alien individual who at any time after March 8, 1965, and within the 5-year period immediately preceding the close of the taxable year lost United States citizenship, unless such loss did not have for one of its principal purposes the avoidance of taxes under this subtitle or subtitle B, shall be taxable for such taxable year in the manner provided in subsection (b) if the tax imposed pursuant to such subsection exceeds the tax which, without regard to this section, is imposed pursuant to section 871.*

(b) **ALTERNATIVE TAX.**—*A nonresident alien individual described in subsection (a) shall be taxable for the taxable year as provided in section 1 or section 1201(b), except that—*

*(1) the gross income shall include only the gross income described in section 872(a) (as modified by subsection (c) of this section), and*

*(2) the deductions shall be allowed if and to the extent that they are connected with the gross income included under this section, except that the capital loss carryover provided by section 1212(b) shall not be allowed; and the proper allocation and apportionment of the deductions for this purpose shall be determined as provided under regulations prescribed by the Secretary or his delegate.*

*For purposes of paragraph (2), the deductions allowed by section 873(b) shall be allowed; and the deduction (for losses not connected with the trade or business if incurred in transactions entered into for profit) allowed by section 165(c)(2) shall be allowed, but only if the profit, if such transaction had resulted in a profit, would be included in gross income under this section.*

(c) **SPECIAL RULES OF SOURCE.**—*For purposes of subsection (b), the following items of gross income shall be treated as income from sources within the United States:*

*(1) SALE OF PROPERTY.*—*Gains on the sale or exchange of property (other than stock or debt obligations) located in the United States.*