

combined voting power of all classes of stock entitled to vote. For purposes of this subsection, the rules for determining ownership of stock prescribed by section 958 shall apply.

SEC. 1250. GAIN FROM DISPOSITIONS OF CERTAIN DEPRECIABLE REALTY.

* * * * *

(d) Exceptions and Limitations.—

* * * * *

(3) **CERTAIN TAX-FREE TRANSACTIONS.**—If the basis of property in the hands of a transferee is determined by reference to its basis in the hands of the transferor by reason of the application of section 332, 351, 361, 371(a), 374(a), 721, or 731, then the amount of gain taken into account by the transferor under subsection (a)(1) shall not exceed the amount of gain recognized to the transferor on the transfer of such property (determined without regard to this section). This paragraph shall not apply to—

(A) a disposition to an organization (other than a cooperative described in section 521) which is exempt from [the] tax imposed by this chapter, or

(B) *a transfer of property by a nonresident alien individual, a foreign estate or trust, or a foreign partnership, to a domestic corporation in exchange for stock or securities in such corporation in a transaction to which section 351 applies.*

* * * * *

CHAPTER 3—WITHHOLDING OF TAX ON NON-RESIDENT ALIENS AND FOREIGN CORPORATIONS AND TAX-FREE COVENANT BONDS

SUBCHAPTER A. Nonresident aliens and foreign corporations.

SUBCHAPTER B. Tax-free covenant bonds.

SUBCHAPTER C. Application of withholding provisions.

Subchapter A—Nonresident Aliens and Foreign Corporations

Sec. 1441. Withholding of tax on nonresident aliens.

Sec. 1442. Withholding of tax on foreign corporations.

Sec. 1443. Foreign tax-exempt organizations.

SEC. 1441. WITHHOLDING OF TAX ON NONRESIDENT ALIENS.

(a) **GENERAL RULE.**—Except as otherwise provided in subsection (c), all persons, in whatever capacity acting (including lessees or mortgagors of real or personal property, fiduciaries, employers, and all officers and employees of the United States) having the control, receipt, custody, disposal, or payment of any of the items of income specified in subsection (b) (to the extent that any of such items constitutes gross income from sources within the United States), of any nonresident alien individual, or of any partnership not engaged in