

A nonresident alien individual determining the alternative tax under subsection (b) may not take the standard deduction provided by section 141 of the code or use the tax table prescribed by section 3 of the code. The term "nonresident alien individual" as used in other sections of the code, includes a nonresident alien individual to whom section 877 applies.

(c) *Special rules of source.*—Subsection (c) of section 877 contains special rules of source which are used in determining the gross income of an individual to whom subsection (b) applies.

*Sale of property*

Paragraph (1) of section 877(c) provides that, for purposes of section 877(b), all gain, profits, and income from the sale or exchange of property located in the United States at the time of such sale or exchange is income from sources within the United States. This rule applies to all property, other than stock in a corporation or debt obligations, whether such property is real or personal, tangible or intangible.

*Stock or debt obligations*

Paragraph (2) of section 877(c) provides that, for purposes of section 877(b), any gain from the sale or exchange of the following property is income from sources within the United States: Stock issued by a domestic corporation; debt obligations of a U.S. person (as defined in section 7701(a)(30) of the code); and debt obligations of the United States, a State or political subdivision of a State, or the District of Columbia. For this purpose the actual location of such stock or debt obligations (or evidence of indebtedness) at the time of the sale or exchange is immaterial. A debt obligation is to be considered an obligation of a United States person, the United States, a State or political subdivision of a State, or the District of Columbia, only if such person or political unit is the principal obligor under the terms of the obligation.

(d) *Exception for loss of citizenship for certain causes.*—Subsection (d) of section 877 provides that the alternative tax imposed pursuant to subsection (a), and determined pursuant to subsections (b) and (c), does not apply to an expatriate U.S. citizen whose loss of such citizenship resulted from the application of section 301(b), 350, or 355 of the Immigration and Nationality Act, as amended (8 U.S.C. 1401(b), 1482, or 1487). Section 301(b) of that act provides that certain individuals who are born outside the United States of parents one of whom is an alien shall lose their U.S. citizenship if, within a specified period following the date of birth, they fail to be continuously physically present in the United States for at least 5 consecutive years. Section 350 of that act provides that under certain circumstances an individual who at birth acquires U.S. citizenship and citizenship of a foreign country and who claims the benefit of his foreign citizenship shall lose his U.S. citizenship if, after he has attained the age of 22 years, he maintains a continuous residence for 3 years in the country of his foreign citizenship. Section 355 of that act provides that under certain circumstances a U.S. citizen who is under 21 years of age and whose residence is in a foreign country with a parent who loses U.S. citizenship for specified causes shall lose his U.S. citizenship if he acquires the citizenship of such foreign country.