

income, gain, or loss which shall be treated as effectively connected with the conduct of a trade or business within the United States.

(B) *Except as provided in section 871(d) or section 882(d), in the case of a nonresident alien individual or a foreign corporation not engaged in trade or business within the United States during the taxable year, no income, gain, or loss shall be treated as effectively connected with the conduct of a trade or business within the United States.*

(2) **PERIODICAL, ETC., INCOME FROM SOURCES WITHIN UNITED STATES—FACTORS.**—*In determining whether income from sources within the United States of the types described in section 871(a)(1) or section 881(a), or whether gain or loss from sources within the United States from the sale or exchange of capital assets, is effectively connected with the conduct of a trade or business within the United States, the factors taken into account shall include whether—*

(A) *the income, gain, or loss is derived from assets used in or held for use in the conduct of such trade or business, or*

(B) *the activities of such trade or business were a material factor in the realization of the income, gain, or loss.*

In determining whether an asset is used in or held for use in the conduct of such trade or business or whether the activities of such trade or business were a material factor in realizing an item of income, gain, or loss, due regard shall be given to whether or not such asset or such income, gain, or loss was accounted for through such trade or business. In applying this paragraph and paragraph (4), interest referred to in section 861(a)(1)(A) shall be considered income from sources within the United States.

(3) **OTHER INCOME FROM SOURCES WITHIN UNITED STATES.**—*All income, gain, or loss from sources within the United States (other than income, gain, or loss to which paragraph (2) applies) shall be treated as effectively connected with the conduct of a trade or business within the United States.*

(4) **INCOME FROM SOURCES WITHOUT UNITED STATES.**—

(A) *Except as provided in subparagraph (B) and (C), no income, gain, or loss from sources without the United States shall be treated as effectively connected with the conduct of a trade or business within the United States.*

(B) *Income, gain, or loss from sources without the United States shall be treated as effectively connected with the conduct of a trade or business within the United States by a nonresident alien individual or a foreign corporation if such person has an office or other fixed place of business within the United States to which such income, gain, or loss is attributable and such income, gain, or loss—*

(i) *consists of rents or royalties for the use of or for the privilege of using intangible property described in section 862(a)(4) (including any gain or loss realized on the sale of such property) derived in the active conduct of such trade or business;*

(ii) *consists of dividends or interest, or gain or loss from the sale or exchange of stock or notes, bonds,*