

or other evidences of indebtedness, and either is derived in the active conduct of a banking, financing, or similar business within the United States or is received by a corporation the principal business of which is trading in stock or securities for its own account; or

(iii) is derived from the sale (without the United States) through such office or fixed place of business of personal property described in section 1221(1), except that this clause shall not apply if the property is sold for use, consumption, or disposition outside the United States and an office or other fixed place of business of the taxpayer outside the United States participated materially in such sale.

In the case of a sale described in clause (iii), the income which shall be treated as attributable to the office or other fixed place of business within the United States shall not exceed the income which would be derived from sources within the United States if the sale were made in the United States.

(C) In the case of a foreign corporation taxable under part I of subchapter L, any income from sources without the United States which is attributable to its United States business shall be treated as effectively connected with the conduct of a trade or business within the United States.

(D) 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 if it either—

- (i) consists of dividends, interest, or royalties paid by a foreign corporation in which the taxpayer owns (within the meaning of section 958(a)), or is considered as owning (by applying the ownership rules of section 958(b)), more than 50 percent of the total combined voting power of all classes of stock entitled to vote, or*
- (ii) is subpart F income within the meaning of section 952(a).*

PART II—NONRESIDENT ALIENS AND FOREIGN CORPORATIONS

- Subpart A. Nonresident alien individuals.
- Subpart B. Foreign corporations.
- Subpart C. Miscellaneous provisions.

SUBPART A—NONRESIDENT ALIEN INDIVIDUALS

- Sec. 871. Tax on nonresident alien individuals.
- Sec. 872. Gross income.
- Sec. 873. Deductions.
- Sec. 874. Allowance of deductions and credits.
- Sec. 875. Partnerships.
- Sec. 876. Alien residents of Puerto Rico.
- Sec. 877. Expatriation to avoid tax.
- Sec. **[877]** 878. Foreign educational, charitable, and certain other exempt organizations.