

Subpart C—Miscellaneous Provisions

Sec. 891. Doubling of rates of tax on citizens and corporations of certain foreign countries.

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SEC. 894. *INCOME AFFECTED BY TREATY.*

(a) *INCOME EXEMPT UNDER TREATY.*—Income of any kind, to the extent required by any treaty obligation of the United States, shall not be included in gross income and shall be exempt from taxation under this subtitle.

(b) *PERMANENT ESTABLISHMENT IN UNITED STATES.*—For purposes of applying any exemption from, or reduction of, any tax provided by any treaty to which the United States is a party with respect to income which is not effectively connected with the conduct of a trade or business within the United States, a nonresident alien individual or foreign corporation shall be deemed not to have a permanent establishment in the United States at any time during the taxable year. This subsection shall not apply in respect of the tax computed under section 877(b).

SEC. 895. *INCOME DERIVED BY A FOREIGN CENTRAL BANK OF ISSUE FROM OBLIGATIONS OF THE UNITED STATES OR FROM BANK DEPOSITS.*

Income derived by a foreign central bank of issue from obligations of the United States owned by such foreign central bank of issue, or from interest on deposits with persons carrying on the banking business, shall not be included in gross income and shall be exempt from taxation under this subtitle unless such obligations or deposits are held for, or used in connection with, the conduct of commercial banking functions or other commercial activities. For purposes of the preceding sentence, the Bank for International Settlements shall be treated as a foreign central bank of issue with respect to interest on deposits with persons carrying on the banking business.

SEC. 896. *APPLICATION OF PRE-1967 INCOME TAX PROVISIONS.*

(a) *IMPOSITION OF MORE BURDENSOME TAXES BY FOREIGN COUNTRY.*—Whenever the President finds that—

(1) *under the laws of any foreign country, considering the tax system of such foreign country, citizens of the United States not residents of such foreign country or domestic corporations are being subjected to more burdensome taxes, on any item of income received by such citizens or corporations from sources within such foreign country, than taxes imposed by the provisions of this subtitle on similar income derived from sources within the United States by residents or corporations of such foreign country,*