

SEC. 901. TAXES OF FOREIGN COUNTRIES AND OF POSSESSIONS OF UNITED STATES.

(a) **ALLOWANCE OF CREDIT.**—If the taxpayer chooses to have the benefits of this subpart, the tax imposed by this chapter shall, subject to the applicable limitation of section 904, be credited with the amounts provided in the applicable paragraph of subsection (b) plus, in the case of a corporation, the taxes deemed to have been paid under sections 902 and 960. Such choice for any taxable year may be made or changed at any time before the expiration of the period prescribed for making a claim for credit or refund of the tax imposed by this chapter for such taxable year. The credit shall not be allowed against the tax imposed by section 531 (relating to the tax on accumulated earnings), against the additional tax imposed for the taxable year under section 1333 (relating to war loss recoveries), or against the personal holding company tax imposed by section 541.

(b) **AMOUNT ALLOWED.**—Subject to the applicable limitation of section 904, the following amounts shall be allowed as the credit under subsection (a):

(1) **CITIZENS AND DOMESTIC CORPORATIONS.**—In the case of a citizen of the United States and of a domestic corporation, the amount of any income, war profits, and excess profits taxes paid or accrued during the taxable year to any foreign country or to any possession of the United States; and

(2) **RESIDENT OF THE UNITED STATES OR PUERTO RICO.**—In the case of a resident of the United States and in the case of an individual who is a bona fide resident of Puerto Rico during the entire taxable year, the amount of any such taxes paid or accrued during the taxable year to any possession of the United States; and

(3) **ALIEN RESIDENT OF THE UNITED STATES OR PUERTO RICO.**—In the case of an alien resident of the United States and in the case of an alien individual who is a bona fide resident of Puerto Rico during the entire taxable year, the amount of any such taxes paid or accrued during the taxable year to any foreign country, if the foreign country of which such alien resident is a citizen or subject, in imposing such taxes, allows a similar credit to citizens of the United States residing in such country; and

(4) **NONRESIDENT ALIEN INDIVIDUALS AND FOREIGN CORPORATIONS.**—*In the case of any nonresident alien individual not described in section 876 and in the case of any foreign corporation, the amount determined pursuant to section 906; and*

[(4)](5) **PARTNERSHIPS AND ESTATES.**—In the case of any individual described in paragraph (1), (2), [or (3),] (3), or (4), who is a member of a partnership or a beneficiary of an estate or trust, the amount of his proportionate share of the taxes (described in such paragraph) of the partnership or the estate or trust paid or accrued during the taxable year to a foreign country or to any possession of the United States, as the case may be.

(c) **SIMILAR CREDIT REQUIRED FOR CERTAIN ALIEN RESIDENTS.**—*Whenever the President finds that—*

(1) *a foreign country, in imposing income, war profits, and excess profits taxes, does not allow to citizens of the United States*