

1 gross income of nonresident alien individuals) is amended
2 to read as follows:

3 ~~“(a) GENERAL RULE.—~~In the case of a nonresident
4 alien individual, gross income includes only—

5 ~~“(1) gross income which is derived from sources~~
6 ~~within the United States and which is not effectively~~
7 ~~connected with the conduct of a trade or business within~~
8 ~~the United States, and~~

9 ~~“(2) gross income which is effectively connected~~
10 ~~with the conduct of a trade or business within the~~
11 ~~United States.”~~

12 ~~“(2) Subparagraph (B) of section 872(b)(3) (re-~~
13 ~~lating to compensation of participants in certain ex-~~
14 ~~change or training programs) is amended by striking~~
15 ~~out “by a domestic corporation” and inserting in lieu~~
16 ~~thereof “by a domestic corporation, a domestic partner-~~
17 ~~ship, or an individual who is a citizen or resident of the~~
18 ~~United States”.~~

19 ~~“(3) Subsection (b) of section 872 (relating to~~
20 ~~exclusions from gross income) is amended by adding at~~
21 ~~the end thereof the following new paragraph:~~

22 ~~“(4) BOND INTEREST OF RESIDENTS OF THE~~
23 ~~RYUKYU ISLANDS OR THE TRUST TERRITORY OF THE~~
24 ~~PACIFIC ISLANDS.—Income derived by a nonresident~~
25 ~~alien individual from a series E or series H United States~~