

1 which, without regard to this section, is imposed pursuant to
2 section 871.

3 ~~“(b) ALTERNATIVE TAX.—~~A nonresident alien individ-
4 ual described in subsection (a) shall be taxable for the tax-
5 able year as provided in section 1 or section 1201(b),
6 except that—

7 ~~“(1) the gross income shall include only the gross~~
8 ~~income described in section 872(a) (as modified by~~
9 ~~subsection (c) of this section); and~~

10 ~~“(2) the deductions shall be allowed if and to the~~
11 ~~extent that they are connected with the gross income~~
12 ~~included under this section, except that the capital loss~~
13 ~~carryover provided by section 1212(b) shall not be~~
14 ~~allowed; and the proper allocation and apportionment of~~
15 ~~the deductions for this purpose shall be determined as~~
16 ~~provided under regulations prescribed by the Secretary~~
17 ~~or his delegate.~~

18 For purposes of paragraph (2), the deductions allowed by
19 section 873(b) shall be allowed; and the deduction (for
20 losses not connected with the trade or business if incurred in
21 transactions entered into for profit) allowed by section
22 165(c)(2) shall be allowed, but only if the profit, if such
23 transaction had resulted in a profit, would be included in
24 gross income under this section.

25 ~~“(c) SPECIAL RULES OF SOURCE.—~~For purposes of