

1 section 1232 (in the case of bonds or other evidences of
 2 indebtedness issued after September 28, 1965), are
 3 treated as gains from the sale or exchange of property
 4 which is not a capital asset,
 5 but only to the extent the amount so received is not effec-
 6 tively connected with the conduct of a trade or business
 7 within the United States.

8 “(b) DOUBLING OF TAX.—

 “**For doubling of tax on corporations of certain for-
 eign countries, see section 891.**”

9 ~~(b)~~ TAX ON INCOME CONNECTED WITH UNITED
 10 STATES BUSINESS.—

11 ~~(1)~~ Section 882 (relating to tax on resident for-
 12 eign corporations) is amended to read as follows:

13 “**SEC. 882. INCOME OF FOREIGN CORPORATIONS CON-**
 14 **NECTED WITH UNITED STATES BUSINESS.**

15 “(a) NORMAL TAX AND SURTAX.—

16 “(1) IMPOSITION OF TAX.—A foreign corporation
 17 engaged in trade or business within the United States
 18 during the taxable year shall be taxable as provided in
 19 section 11 or 1201(a) on its taxable income which is
 20 effectively connected with the conduct of a trade or busi-
 21 ness within the United States.

22 “(2) DETERMINATION OF TAXABLE INCOME.—In
 23 determining taxable income for purposes of paragraph