

1 the proper apportionment and allocation of the deductions
2 for this purpose shall be determined as provided in regula-
3 tions prescribed by the Secretary or his delegate.

4 “(b) *EXCEPTIONS.*—The following deductions shall be
5 allowed whether or not they are connected with income
6 which is effectively connected with the conduct of a trade
7 or business within the United States:

8 “(1) *LOSSES.*—The deduction, for losses of prop-
9 erty not connected with the trade or business if arising
10 from certain casualties or theft, allowed by section
11 165(c)(3), but only if the loss is of property located
12 within the United States.

13 “(2) *CHARITABLE CONTRIBUTIONS.*—The deduc-
14 tion for charitable contributions and gifts allowed by
15 section 170.

16 “(3) *PERSONAL EXEMPTION.*—The deduction for
17 personal exemptions allowed by section 151, except that
18 in the case of a nonresident alien individual who is not a
19 resident of a contiguous country only one exemption
20 shall be allowed under section 151.