

1 “(A) in the case of a nonresident alien indi-
2 vidual, such individual is a citizen or resident of such
3 foreign country or possession, or

4 “(B) in the case of a foreign corporation, such
5 corporation was created or organized under the law
6 of such foreign country or possession or is domiciled
7 for tax purposes in such country or possession.

8 “(2) For purposes of subsection (a), in applying
9 section 904 the taxpayer’s taxable income shall be treated
10 as consisting only of the taxable income effectively con-
11 nected with the taxpayer’s conduct of a trade or business
12 within the United States.

13 “(3) The credit allowed pursuant to subsection (a)
14 shall not be allowed against any tax imposed by section
15 871(a) (relating to income of nonresident alien individ-
16 ual not connected with United States business) or 881
17 (relating to income of foreign corporations not connected
18 with United States business).

19 “(4) For purposes of sections 902(a) and 78, a
20 foreign corporation choosing the benefits of this subpart
21 which receives dividends shall, with respect to such divi-
22 dends, be treated as a domestic corporation.”