

1 ~~“(2) such individual has income (other than com-~~
 2 ~~pensation for personal services subject to deduction and~~
 3 ~~withholding under section 1441) which is effectively~~
 4 ~~connected with the conduct of a trade or business within~~
 5 ~~the United States; or~~

6 ~~“(3) such individual is a resident of Puerto Rico~~
 7 ~~during the entire taxable year.”~~

8 ~~(j) GAIN FROM DISPOSITIONS OF CERTAIN DEPRE-~~
 9 ~~CIABLE REALTY.—The second sentence of paragraph (3)~~
 10 ~~of section 1250(d) (relating to certain tax-free transactions)~~
 11 ~~is amended to read as follows: “This paragraph shall not~~
 12 ~~apply to—~~

13 ~~“(A) a disposition to an organization (other~~
 14 ~~than a cooperative described in section 521) which~~
 15 ~~is exempt from the tax imposed by this chapter; or~~

16 ~~“(B) a transfer of property by a nonresident~~
 17 ~~alien individual, a foreign estate or trust, or a for-~~
 18 ~~ign partnership, to a domestic corporation in ex-~~
 19 ~~change for stock or securities in such corporation~~
 20 ~~in a transaction to which section 351 applies.”~~

21 ~~(k) COLLECTION OF INCOME TAX AT SOURCE ON~~
 22 ~~WAGES.—Subsection (a) of section 3401 (relating to defini-~~
 23 ~~tion of wages for purposes of collection of income tax at~~