1	ual not engaged in trade or business within the United
2	States who has not established a taxable year for any
3	prior period shall be treated as having a taxable year
4	which is the calendar year.

- 5 "(b) Income Connected With United States
 6 Business—Graduated Rate of Tax.—
- "(1) Imposition of tax.—A nonresident alien
 individual engaged in trade or business within the
 United States during the taxable year shall be taxable
 as provided in section 1 or 1201(b) on his taxable income
 which is effectively connected with the conduct of a trade
 or business within the United States.
- "(2) DETERMINATION OF TAXABLE INCOME.—In

 determining taxable income for purposes of paragraph

 (1), gross income includes only gross income which is

 effectively connected with the conduct of a trade or

 business within the United States.
- "(c) PARTICIPANTS IN CERTAIN EXCHANGE 18 19 Training Programs.—For purposes of this section, a nonresident alien individual who (without regard to this sub-20 section) is not engaged in trade or business within the 21 22 United States and who is temporarily present in the United 23 States as a nonimmigrant under subparagraph (F) or (J)of section 101(a)(15) of the Immigration and Nationality 24 25 Act, as amended (8 U.S.C. 1101(a)(15) (F) or (J)),