

American Samoa from the United States shall be exempted from the payment of any tax imposed by the internal revenue laws of the United States.

(c) Drawback of tax paid in the United States

All provisions of law for the allowance of drawback of internal revenue tax on articles exported from the United States are, so far as applicable, extended to like articles upon which an internal revenue tax has been paid when shipped from the United States to Puerto Rico, the Virgin Islands, Guam, or American Samoa.

(d) Cross reference

For the disposition of the proceeds of all taxes collected under the internal revenue laws of the United States on articles produced in Guam and transported into the United States or its possessions, or consumed in Guam, see the Act of August 1, 1950 (48 U.S.C. 1421h).

(Aug. 16, 1954, ch. 736 68A Stat. 908; Pub. L. 86-70, § 22(f), June 25, 1959, 73 Stat. 146; Pub. L. 86-624, § 18(h), July 12, 1960, 74 Stat. 416; Pub. L. 94-455, title XIX, § 1906(a)(56), Oct. 4, 1976, 90 Stat. 1832.)

REFERENCES IN TEXT

Act of August 1, 1950, referred to in subsec. (d), is act Aug. 1, 1950, ch. 512, 64 Stat. 384, as amended, known as the Organic Act of Guam, which is classified principally to chapter 8A (§1421 et seq.) of Title 48, Territories and Insular Possessions. For complete classification of this Act to the Code, see Short Title note set out under section 1421 of Title 48 and Tables.

AMENDMENTS

1976—Subsec. (d). Pub. L. 94-455 struck out “ch. 512, 64 Stat. 392, section 30” after “August 1, 1950”.

1960—Subsec. (d). Pub. L. 86-624 substituted “or its possessions” for “, its possessions or the Territory of Hawaii”.

1959—Subsec. (d). Pub. L. 86-70 substituted “its possessions or the Territory of Hawaii” for “its Territories or possessions”.

EFFECTIVE DATE OF 1960 AMENDMENT

Amendment by Pub. L. 86-624 effective Aug. 21, 1959, see section 18(k) of Pub. L. 86-624, set out as a note under section 3121 of this title.

EFFECTIVE DATE OF 1959 AMENDMENT

Amendment by Pub. L. 86-70 effective Jan. 3, 1959, see section 22(i) of Pub. L. 86-70, set out as a note under section 3121 of this title.

§ 7654. Coordination of United States and certain possession individual income taxes

(a) General rule

The net collection of taxes imposed by chapter 1 for each taxable year with respect to an individual to whom section 931 or 932(c) applies shall be covered into the Treasury of the specified possession of which such individual is a bona fide resident.

(b) Definition and special rule

For purposes of this section—

(1) Net collections

In determining net collections for a taxable year, an appropriate adjustment shall be made for credits allowed against the tax liability and refunds made of income taxes for the taxable year.

(2) Specified possession

The term “specified possession” means Guam, American Samoa, the Northern Mariana Islands, and the Virgin Islands.

(c) Transfers

The transfers of funds between the United States and any specified possession required by this section shall be made not less frequently than annually.

(d) Federal personnel

In addition to the amount determined under subsection (a), the United States shall pay to each specified possession at such times and in such manner as determined by the Secretary—

(1) the amount of the taxes deducted and withheld by the United States under chapter 24 with respect to compensation paid to members of the Armed Forces who are stationed in such possession but who have no income tax liability to such possession with respect to such compensation by reason of the Servicemembers Civil Relief Act (50 App. U.S.C. 501 et seq.),¹ and

(2) the amount of the taxes deducted and withheld under chapter 24 with respect to amounts paid for services performed as an employee of the United States (or any agency thereof) in a specified possession with respect to an individual unless section 931 or 932(c) applies.

(e) Regulations

The Secretary shall prescribe such regulations as may be necessary to carry out the provisions of this section and sections 931 and 932, including regulations prohibiting the rebate of taxes covered over which are allocable to United States source income and prescribing the information which the individuals to whom such sections may apply shall furnish to the Secretary.

(Aug. 16, 1954, ch. 736, 68A Stat. 909; Pub. L. 92-606, §1(b), Oct. 31, 1972, 86 Stat. 1495; Pub. L. 94-455, title XIX, § 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834; Pub. L. 97-248, title III, §§ 307(a)(16), 308(a), Sept. 3, 1982, 96 Stat. 590, 591; Pub. L. 98-67, title I, §102(a), Aug. 5, 1983, 97 Stat. 369; Pub. L. 99-514, title XII, §1276(a), Oct. 22, 1986, 100 Stat. 2599; Pub. L. 100-647, title I, §1012(y), Nov. 10, 1988, 102 Stat. 3530; Pub. L. 108-189, §2(d), Dec. 19, 2003, 117 Stat. 2866.)

REFERENCES IN TEXT

The Servicemembers Civil Relief Act, referred to in subsec. (d)(1), is act Oct. 17, 1940, ch. 888, 54 Stat. 1178, was classified to sections 501 et seq. of the former Appendix to Title 50, War and National Defense, prior to editorial reclassification, and is now classified principally to chapter 50 (§3901 et seq.) of Title 50. For complete classification of this Act to the Code, see Tables.

AMENDMENTS

2003—Subsec. (d)(1). Pub. L. 108-189 substituted “Servicemembers Civil Relief Act” for “Soldiers’ and Sailors’ Civil Relief Act”.

1988—Subsec. (a). Pub. L. 100-647 substituted “an individual to whom” for “an individual to which”.

1986—Pub. L. 99-514 amended section generally, substituting provisions relating to coordination of United States and certain possession individual income taxes

¹ See References in Text note below.

for provisions relating to coordination of United States and Guam individual income taxes.

1983—Subsec. (d). Pub. L. 98-67 repealed amendments made by Pub. L. 97-248. See 1982 Amendment note below.

1982—Subsec. (d). Pub. L. 97-248 provided that, applicable to payments of interest, dividends, and patronage dividends paid or credited after June 30, 1983, subsec. (d) is amended by inserting “subchapter A of” before “chapter 24”. Section 102(a), (b) of Pub. L. 98-67, title I, Aug. 5, 1983, 97 Stat. 369, repealed subtitle A (§§301-308) of title III of Pub. L. 97-248 as of the close of June 30, 1983, and provided that the Internal Revenue Code of 1954 [now 1986] [this title] shall be applied and administered (subject to certain exceptions) as if such subtitle A (and the amendments made by such subtitle A) had not been enacted.

1976—Subsecs. (d), (e). Pub. L. 94-455 struck out “or his delegate” after “Secretary” wherever appearing.

1972—Pub. L. 92-606 substituted provisions relating to individual income taxes in Guam and their sharing by the United States and Guam, for provisions relating to payment to Guam and American Samoa of proceeds of tax on coconut and other vegetable oils.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-647 effective, except as otherwise provided, as if included in the provision of the Tax Reform Act of 1986, Pub. L. 99-514, to which such amendment relates, see section 1019(a) of Pub. L. 100-647, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 applicable to taxable years beginning after Dec. 31, 1986, with certain exceptions and qualifications, see section 1277 of Pub. L. 99-514, set out as a note under section 931 of this title.

EFFECTIVE DATE OF 1972 AMENDMENT

Amendment by Pub. L. 92-606 applicable with respect to taxable years beginning after Dec. 31, 1972, see section 2 of Pub. L. 92-606, set out in part as an Effective Date note under section 931 of this title.

§ 7655. Cross references

(a) Imposition of tax in possessions

For provisions imposing tax in possessions, see—

- (1) **Chapter 2, relating to self-employment tax;**
- (2) **Chapter 21, relating to the tax under the Federal Insurance Contributions Act.**

(b) Other provisions

For other provisions relating to possessions of the United States, see—

- (1) **Section 931, relating to income tax on residents of Guam, American Samoa, or the Northern Mariana Islands;**
- (2) **Section 933, relating to income tax on residents of Puerto Rico.**

(Aug. 16, 1954, ch. 736, 68A Stat. 909; Pub. L. 85-859, title II, §204(19), Sept. 2, 1958, 72 Stat. 1430; Pub. L. 91-513, title III, §1102(k), Oct. 27, 1970, 84 Stat. 1293; Pub. L. 94-455, title XIX, §1904(b)(6)(B), Oct. 4, 1976, 90 Stat. 1815; Pub. L. 99-514, title XII, §1272(d)(11), Oct. 22, 1986, 100 Stat. 2594; Pub. L. 101-508, title XI, §11801(c)(22)(E), Nov. 5, 1990, 104 Stat. 1388-528.)

REFERENCES IN TEXT

The Federal Insurance Contributions Act, referred to in subsec. (a)(2), is act Aug. 16, 1954, ch. 736, §§3101, 3102, 3111, 3112, 3121 to 3128, 68A Stat. 415, as amended, which is classified generally to chapter 21 (§3101 et seq.) of this title. For complete classification of this Act to the Code, see section 3128 of this title and Tables.

AMENDMENTS

1990—Subsec. (a)(2), (3). Pub. L. 101-508, §11801(c)(22)(E)(i), substituted period for semicolon at

end of par. (2) and struck out par. (3) which cross-referenced former chapter 37 relating to tax on sugar.

Subsec. (b)(2), (3). Pub. L. 101-508, §11801(c)(22)(E)(ii), substituted period for semicolon at end of par. (2) and struck out par. (3) which cross-referenced former section 6418(b) relating to the exportation of sugar to Puerto Rico.

1986—Subsec. (b). Pub. L. 99-514 added par. (1) and redesignated former pars. (1) and (2) as (2) and (3), respectively.

1976—Subsec. (a)(3), (5). Pub. L. 94-455 substituted “Chapter 37” for “Subchapter A of chapter 37” in par. (5) and redesignated par. (5) as (3).

1970—Subsec. (a)(3), (4). Pub. L. 91-513 struck out pars. (3) and (4) relating to taxes in respect of narcotic drugs and taxes in respect of marihuana, respectively, and making references to parts I and III of subchapter A of chapter 39 and to parts II and III of subchapter A of chapter 39, respectively.

1958—Subsec. (a)(5), (6). Pub. L. 85-859 redesignated par. (6) as (5) and struck out former par. (5) which contained a cross reference to chapter 51 of this title.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 applicable to taxable years beginning after Dec. 31, 1986, with certain exceptions and qualifications, see section 1277 of Pub. L. 99-514, set out as a note under section 931 of this title.

EFFECTIVE DATE OF 1970 AMENDMENT

Amendment by Pub. L. 91-513 effective on first day of seventh calendar month that begins after Oct. 26, 1970, see section 1105(a) of Pub. L. 91-513, set out as an Effective Date note under section 951 of Title 21, Food and Drugs.

EFFECTIVE DATE OF 1958 AMENDMENT

Amendment by Pub. L. 85-859 effective Sept. 3, 1958, see section 210(a)(1) of Pub. L. 85-859, set out as an Effective Date note under section 5001 of this title.

SAVINGS PROVISION

For provisions that nothing in amendment by Pub. L. 101-508 be construed to affect treatment of certain transactions occurring, property acquired, or items of income, loss, deduction, or credit taken into account prior to Nov. 5, 1990, for purposes of determining liability for tax for periods ending after Nov. 5, 1990, see section 11821(b) of Pub. L. 101-508, set out as a note under section 45K of this title.

Prosecutions for any violation of law occurring, and civil seizures or forfeitures and injunctive proceedings commenced, prior to the effective date of amendment of this section by section 1102 of Pub. L. 91-513 not to be affected or abated by reason thereof, see section 1103 of Pub. L. 91-513, set out as a note under sections 171 to 174 of Title 21, Food and Drugs.

CHAPTER 79—DEFINITIONS

Sec.	Definitions.
7701.	Definitions.
7702.	Life insurance contract defined.
7702A.	Modified endowment contract defined.
7702B.	Treatment of qualified long-term care insurance.
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7705.	Certified professional employer organizations.

AMENDMENTS

2014—Pub. L. 113-295, div. B, title II, §206(d)(2), Dec. 19, 2014, 128 Stat. 4071, added item 7705.

1996—Pub. L. 104-191, title III, §321(e), Aug. 21, 1996, 110 Stat. 2059, added item 7702B.

1988—Pub. L. 100-647, title V, §5012(c)(2), Nov. 10, 1988, 102 Stat. 3664, added item 7702A.