

Stat. 2095, provided that: “Paragraphs (1) and (2) of section 912 of the Internal Revenue Code of 1986 [formerly I.R.C. 1954], as amended by subsection (a) of this section, shall apply only with respect to amounts received on or after the date of the enactment of this Act [Sept. 6, 1960] in taxable years ending on or after such date.”

REPEALS; AMENDMENTS AND APPLICATION OF  
AMENDMENTS UNAFFECTED

Section 201(a) of Pub. L. 87-293, cited as a credit to this section, was repealed by Pub. L. 89-572, §5(a), Sept. 13, 1966, 80 Stat. 765. Such repeal not deemed to affect amendments to this section contained in such provisions, and continuation in full force and effect until modified by appropriate authority of all determinations, authorization, regulations, orders, contracts, agreements, and other actions issued undertaken, or entered into under authority of the repealed provisions, see section 5(b) of Pub. L. 89-572, set out as a note under former section 2515 of Title 22, Foreign Relations and Intercourse.

DELEGATION OF FUNCTIONS

Function of determining the portion of living allowances constituting basic compensation for Peace Corps volunteers or volunteer leaders under par. (3) of this section delegated by President to Director of Peace Corps to be performed in consultation with the Secretary of the Treasury, see section 1-104 of Ex. Ord. No. 12137, May 16, 1979, 44 F.R. 29023, set out as a note under section 2501 of Title 22, Foreign Relations and Intercourse.

Authority of President under par. (2) of this section delegated to Secretary of Defense with respect to military departments, and to Secretary of Transportation with respect to Coast Guard when it is not operating as a service in the Navy, concerning civilian employees of nonappropriated fund instrumentalities of the armed forces, see section 201 of Ex. Ord. No. 11137, Jan. 7, 1964, as amended, set out as a note under section 5921 of Title 5, Government Organization and Employees.

TREATMENT OF EMPLOYEES OF PANAMA CANAL  
COMMISSION AND DEPARTMENT OF DEFENSE

Pub. L. 99-514, title XII, §1232(b), Oct. 22, 1986, 100 Stat. 2564, provided that: “Employees of the Panama Canal Commission and civilian employees of the Defense Department of the United States stationed in Panama may exclude from gross income allowances which are comparable to the allowances excludable under section 912(1) of the Internal Revenue Code of 1986 by employees of the State Department of the United States stationed in Panama. The preceding sentence shall apply to taxable years beginning after December 31, 1986.”

**[§ 913. Repealed. Pub. L. 97-34, title I, § 112(a),  
Aug. 13, 1981, 95 Stat. 194]**

Section, added Pub. L. 95-615, title II, §203(a), Nov. 8, 1978, 92 Stat. 3100; amended Pub. L. 96-222, title I, §108(a)(1)(B), (F), Apr. 1, 1980, 94 Stat. 223, 225; Pub. L. 96-608, §1(a), Dec. 28, 1980, 94 Stat. 3550, related to a deduction for certain expenses of living abroad.

EFFECTIVE DATE OF REPEAL

Repeal applicable with respect to taxable years beginning after Dec. 31, 1981, see section 115 of Pub. L. 97-34, set out as an Effective Date of 1981 Amendment note under section 911 of this title.

[SUBPART C—REPEALED]

**[§§ 921 to 927. Repealed. Pub. L. 106-519, § 2, Nov.  
15, 2000, 114 Stat. 2423]**

Section 921, added Pub. L. 98-369, div. A, title VIII, §801(a), July 18, 1984, 98 Stat. 985, provided for exclusion from gross income of exempt foreign trade income.

A prior section 921, acts Aug. 16, 1954, ch. 736, 68A Stat. 290; Oct. 4, 1976, Pub. L. 94-455, title XIX, §1901(a)(116), 90 Stat. 1784, defined Western Hemisphere trade corporation, prior to repeal by Pub. L. 94-455, title X, §1052(b), Oct. 4, 1976, 90 Stat. 1648, effective with respect to taxable years beginning after Dec. 31, 1979.

Section 922, added Pub. L. 98-369, div. A, title VIII, §801(a), July 18, 1984, 98 Stat. 986, defined FSC's.

A prior section 922, acts Aug. 16, 1954, ch. 736, 68A Stat. 291; Dec. 10, 1971, Pub. L. 92-178, title V, §502(c), 85 Stat. 550; Oct. 4, 1976, Pub. L. 94-455, title X, §1052(a), (c)(1), 90 Stat. 1647, 1648; Nov. 6, 1978, Pub. L. 95-600, title III, §301(b)(15), 92 Stat. 2822, related to a special deduction for a Western Hemisphere trade corporation, prior to repeal by Pub. L. 94-455, title X, §1052(b), Oct. 4, 1976, 90 Stat. 1648, effective with respect to taxable years beginning after Dec. 31, 1979.

Section 923, added Pub. L. 98-369, div. A, title VIII, §801(a), July 18, 1984, 98 Stat. 986; amended Pub. L. 99-514, title XVIII, §1876(b)(3), Oct. 22, 1986, 100 Stat. 2898, related to exempt foreign trade income.

Section 924, added Pub. L. 98-369, div. A, title VIII, §801(a), July 18, 1984, 98 Stat. 987; amended Pub. L. 99-514, title XVIII, §1876(e)(2), (l), Oct. 22, 1986, 100 Stat. 2899, 2901, related to foreign trading gross receipts.

Section 925, added Pub. L. 98-369, div. A, title VIII, §801(a), July 18, 1984, 98 Stat. 990, related to transfer pricing rules.

Section 926, added Pub. L. 98-369, div. A, title VIII, §801(a), July 18, 1984, 98 Stat. 991, related to distributions to shareholders.

Section 927, added Pub. L. 98-369, div. A, title VIII, §801(a), July 18, 1984, 98 Stat. 991; amended Pub. L. 99-514, title XVIII, §1876(a)(1), (e)(1), (f)(1), (p)(5), Oct. 22, 1986, 100 Stat. 2897, 2899, 2902; Pub. L. 100-647, title I, §1012(bb)(8)(A), Nov. 10, 1988, 102 Stat. 3536; Pub. L. 101-508, title XI, §11704(a)(10), Nov. 5, 1990, 104 Stat. 1388-518; Pub. L. 103-66, title XIII, §13239(a), Aug. 10, 1993, 107 Stat. 509; Pub. L. 105-34, title XI, §1171(a), Aug. 5, 1997, 111 Stat. 987, related to other definitions and special rules.

EFFECTIVE DATE OF REPEAL

Repeal applicable to transactions after Sept. 30, 2000, with special rules relating to existing foreign sales corporations, see section 5 of Pub. L. 106-519, set out as an Effective Date of 2000 Amendments note under section 56 of this title.

SUBPART D—POSSESSIONS OF THE UNITED  
STATES

Sec.	
931.	Income from sources within Guam, American Samoa, or the Northern Mariana Islands.
932.	Coordination of United States and Virgin Islands income taxes.
933.	Income from sources within Puerto Rico.
934.	Limitation on reduction in income tax liability incurred to the Virgin Islands.
[934A, 935.	Repealed.]
[936.	Repealed.] <sup>1</sup>
937.	Residence and source rules involving possessions.

AMENDMENTS

2018—Pub. L. 115-141, div. U, title IV, §401(d)(1)(C), Mar. 23, 2018, 132 Stat. 1206, which directed that the table of sections for subpart C of part III of subchapter N of this chapter be amended by striking out item 936, could not be executed because item 936 “Puerto Rico and possession tax credit” had been editorially supplied.

2004—Pub. L. 108-357, title VIII, §908(c)(6), Oct. 22, 2004, 118 Stat. 1657, added item 937.

1986—Pub. L. 99-514, title XII, §§1272(d)(12), 1274(d), 1275(c)(8), Oct. 22, 1986, 100 Stat. 2595, 2598, 2599, sub-

<sup>1</sup> See 2018 Amendment note below.

stituted “Guam, American Samoa, or the Northern Mariana Islands” for “possessions of the United States” in item 931, added item 932, and struck out former item 932 “Citizens of possessions of the United States”, item 934A “Income tax rate on Virgin Islands source income” and item 935 “Coordination of United States and Guam individual income taxes”.

1983—Pub. L. 97-455, §1(d)(1), Jan. 12, 1983, 96 Stat. 2498, added item 934A.

1972—Pub. L. 92-606, §1(f)(5), Oct. 31, 1972, 86 Stat. 1497, added item 935.

1960—Pub. L. 86-779, §4(a)(2), Sept. 14, 1960, 74 Stat. 999, added item 934.

**§ 931. Income from sources within Guam, American Samoa, or the Northern Mariana Islands**

**(a) General rule**

In the case of an individual who is a bona fide resident of a specified possession during the entire taxable year, gross income shall not include—

- (1) income derived from sources within any specified possession, and
- (2) income effectively connected with the conduct of a trade or business by such individual within any specified possession.

**(b) Deductions, etc. allocable to excluded amounts not allowable**

An individual shall not be allowed—

- (1) as a deduction from gross income any deductions (other than the deduction under section 151, relating to personal exemptions), or
- (2) any credit,

properly allocable or chargeable against amounts excluded from gross income under this section.

**(c) Specified possession**

For purposes of this section, the term “specified possession” means Guam, American Samoa, and the Northern Mariana Islands.

**(d) Employees of the United States**

Amounts paid for services performed as an employee of the United States (or any agency thereof) shall be treated as not described in paragraph (1) or (2) of subsection (a).

(Aug. 16, 1954, ch. 736, 68A Stat. 291; Pub. L. 89-809, title I, §107(a), Nov. 13, 1966, 80 Stat. 1571; Pub. L. 92-178, title V, §502(d), Dec. 10, 1971, 85 Stat. 550; Pub. L. 92-606, §1(f)(1), Oct. 31, 1972, 86 Stat. 1497; Pub. L. 94-455, title X, §1051(c), title XIX, §§1901(a)(117), 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1645, 1784, 1834; Pub. L. 95-30, title I, §101(d)(12), May 23, 1977, 91 Stat. 134; Pub. L. 98-369, div. A, title VII, §711(c)(2)(A)(iv), July 18, 1984, 98 Stat. 945; Pub. L. 99-514, title XII, §1272(a), Oct. 22, 1986, 100 Stat. 2593; Pub. L. 108-357, title VIII, §908(c)(1), Oct. 22, 2004, 118 Stat. 1656.)

AMENDMENTS

2004—Subsec. (d). Pub. L. 108-357 amended heading and text of subsec. (d) generally, substituting provisions relating to employees of the United States for provisions consisting of pars. (1) to (3) relating to special rules concerning employees of the United States, determination of source of income, and determination of residency.

1986—Pub. L. 99-514 amended section generally, substituting provisions relating to income from sources within Guam, American Samoa, or the Northern Mari-

ana Islands, for former provisions relating to income from sources within possessions of the United States, which had declared in: subsec. (a), general rule as to gross income, including requirements relating to 3-year period and trade or business; subsec. (b), rule as to amounts received in United States; subsec. (c), definition of “possession of the United States”; subsec. (d), general rule allowing deductions only to extent connected with income from sources within United States, and specific exceptions to limitations of general rule; subsec. (e), deduction for personal exemption; subsec. (f), allowance of deductions and credits; subsec. (g), foreign tax credit; subsec. (h), provisions relating to employees of United States.

1984—Subsec. (d)(2)(B). Pub. L. 98-369 substituted “for losses” for “”, for losses of property not connected with the trade or business if arising from certain casualties or theft.”.

1977—Subsec. (d)(3). Pub. L. 95-30 struck out par. (3) which made a cross reference to section 142(b)(2) for disallowance of the standard deduction.

1976—Subsec. (a). Pub. L. 94-455, §1051(c)(1), struck out all references to domestic corporations and made subsection applicable only to individual citizens.

Subsec. (c). Pub. L. 94-455, §1051(c)(2), substituted “Commonwealth of Puerto Rico, the Virgin Islands of the United States, or Guam” for “Virgin Islands of the United States, and such term when used with respect to citizens of the United States does not include Puerto Rico or Guam” after “does not include the”.

Subsec. (d)(1). Pub. L. 94-455, §§1051(c)(3), 1906(b)(13)(A), substituted “a citizen of the United States” for “persons” after “in the case of” and struck out “or his delegate” after “Secretary”.

Subsec. (f). Pub. L. 94-455, §§1051(c)(3), 1906(b)(13)(A), substituted “A citizen of the United States” for “Persons” after “Allowance of deductions and credits” and struck out in two places “or his delegate” after “Secretary”.

Subsecs. (h), (i). Pub. L. 94-455, §1901(a)(117), redesignated subsec. (i) as (h). Former subsec. (h), relating to the status of a citizen of the United States who has been interned by the enemy, was struck out.

1972—Subsec. (c). Pub. L. 92-606 substituted “Puerto Rico or Guam” for “Puerto Rico”.

1971—Subsec. (a). Pub. L. 92-178 provided for non-application of section in the case of a corporation for a taxable year for which it is a DISC or in which it owns at any time stock in a DISC or former DISC.

1966—Subsec. (d). Pub. L. 89-809 made applicable to United States citizens and domestic corporations engaged in trade or business in possessions, who qualify for the special tax treatment of income qualifying for the exclusion relating to income from United States possessions, provisions which allow deductions to non-resident aliens or foreign corporations engaged in trade or business in the United States by allowing deductions only where they are allocable to income effectively connected with the trade or business in the United States and by spelling out the exceptions allowing deductions whether or not connected with income from sources within the United States in the case of losses not connected with the trade or business but incurred in transactions entered into for profit, casualty losses, and charitable contributions.

EFFECTIVE DATE OF 2004 AMENDMENT

Amendment by Pub. L. 108-357 applicable to taxable years ending after Oct. 22, 2004, see section 908(d)(1) of Pub. L. 108-357, set out as an Effective Date note under section 937 of this title.

EFFECTIVE DATE OF 1986 AMENDMENT

Pub. L. 99-514, title XII, §1277, Oct. 22, 1986, 100 Stat. 2600, as amended by Pub. L. 100-647, title I, §1012(z), Nov. 10, 1988, 102 Stat. 3530, provided that:

“(a) IN GENERAL.—Except as otherwise provided in this section, the amendments made by this subtitle [subtitle G (§§1271-1277) of title XII of Pub. L. 99-514, en-