

SUBTITLE F—PROCEDURE AND ADMINISTRATION
CHAPTER 79—DEFINITIONS

Section 7701.
Definitions

[§ 7701(a)—Definitions]

(a) When used in this title, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof—

(1) **PERSON.**— The term “person” shall be construed to mean and include an individual, a trust, estate, partnership, association, company or corporation.

(2) **PARTNERSHIP AND PARTNER.**— The term “partnership” includes a syndicate, group, pool, joint venture, or other unincorporated organization, through or by means of which any business, financial operation, or venture is carried on, and which is not, within the meaning of this title, a trust or estate or a corporation; and the term “partner” includes a member in such a syndicate, group, pool, joint venture, or organization.

(3) **CORPORATION.**— The term “corporation” includes associations, joint-stock companies, and insurance companies.

(4) **DOMESTIC.**— The term “domestic” when applied to a corporation or partnership means created or organized in the United States or under the law of the United States or of any State unless, in the case of a partnership, the Secretary provides otherwise by regulations.

(5) **FOREIGN.**— The term “foreign” when applied to a corporation or partnership means a corporation or partnership which is not domestic.

(6) **FIDUCIARY.**— The term “fiduciary” means a guardian, trustee, executor, administrator, receiver, conservator, or any person acting in any fiduciary capacity for any person.

(7) **STOCK.**— The term “stock” includes shares in an association, joint-stock company, or insurance company.

(8) **SHAREHOLDER.**— The term “shareholder” includes a member in an association, joint-stock company, or insurance company.

(9) **UNITED STATES.**— The term “United States” when used in a geographical sense includes only the States and the District of Columbia.

(10) **STATE.**— The term “State” shall be construed to include the District of Columbia, where such construction is necessary to carry out provisions of this title.

(11) **SECRETARY OF THE TREASURY AND SECRETARY.**—

(A) **SECRETARY OF THE TREASURY.**— The term “Secretary of the Treasury” means the Secretary of the Treasury, personally, and shall not include any delegate of his.

(B) **SECRETARY.**— The term “Secretary” means the Secretary of the Treasury or his delegate.

(12) **DELEGATE.**—

(A) **IN GENERAL.**— The term “or his delegate”—

(i) when used with reference to the Secretary of the Treasury, means any officer, employee, or agency of the Treasury Department duly authorized by the Secretary of the Treasury directly, or indirectly by one or more redelegations of authority, to perform the function mentioned or described in the context; and

(ii) when used with reference to any other official of the United States, shall be similarly construed.

(B) PERFORMANCE OF CERTAIN FUNCTIONS IN GUAM OR AMERICAN SAMOA.— The term “delegate,” in relation to the performance of functions in Guam or American Samoa with respect to the taxes imposed by chapters 1, 2, and 21, also includes any officer or employee of any other department or agency of the United States, or of any possession thereof, duly authorized by the Secretary (directly, or indirectly by one or more redelegations of authority) to perform such functions.

(13) COMMISSIONER.— The term “Commissioner” means the Commissioner of Internal Revenue.

(14) TAXPAYER.— The term “taxpayer” means any person subject to any internal revenue tax.

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(16) WITHHOLDING AGENT.— The term “withholding agent” means any person required to deduct and withhold any tax under the provisions of section 1441, 1442, 1443, or 1461.

(17) HUSBAND AND WIFE.— As used in sections 152(b)(4), 682, and 2516, if the husband and wife therein referred to are divorced, wherever appropriate to the meaning of such sections, the term “wife” shall be read “former wife” and the term “husband” shall be read “former husband”; and, if the payments described in such sections are made by or on behalf of the wife or former wife to the husband or former husband instead of vice versa, wherever appropriate to the meaning of such sections, the term “husband” shall be read “wife” and the term “wife” shall be read “husband.”

(18) INTERNATIONAL ORGANIZATION.— The term “international organization” means a public international organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act (22 U.S.C. 288-288f).

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(23) TAXABLE YEAR.— The term “taxable year” means the calendar year, or the fiscal year ending during such calendar year, upon the basis of which the taxable income is computed under subtitle A. “Taxable year” means, in the case of a return made for a fractional part of a year under the provisions of subtitle A or under regulations prescribed by the Secretary, the period for which such return is made.

(24) FISCAL YEAR.— The term “fiscal year” means an accounting period of 12 months ending on the last day of any month other than December.

(25) PAID OR INCURRED, PAID OR ACCRUED.— The terms “paid or incurred” and “paid or accrued” shall be construed according to the method of accounting upon the basis of which the taxable income is computed under subtitle A.

(26) TRADE OR BUSINESS.— The term “trade or business” includes the performance of the functions of a public office.

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(30) UNITED STATES PERSON.— The term “United States person” means—

- (A) a citizen or resident of the United States,
- (B) a domestic partnership,
- (C) a domestic corporation,
- (D) any estate (other than a foreign estate, within the meaning, of paragraph (31)), and
- (E) any trust if—
 - (i) a court within the United States is able to exercise primary supervision over the administration of the trust, and
 - (ii) one or more United States persons have the authority to control all substantial decisions of the trust.

(31) FOREIGN ESTATE OR TRUST.—

(A) FOREIGN ESTATE.— The term “foreign estate” means an estate the income of which, from sources without the United States which is not effectively connected with the conduct of a trade or business within the United States, is not includible in gross income under subtitle A.

(B) FOREIGN TRUST.— The term “foreign trust” means any trust other than a trust described in subparagraph (E) of paragraph (30).

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(38) JOINT RETURN.— The term “joint return” means a single return made jointly under section 6013 by a husband and wife.

(39) PERSONS RESIDING OUTSIDE UNITED STATES.— If any citizen or resident of the United States does not reside in (and is not found in) any United States judicial district, such citizen or resident shall be treated as residing in the District of Columbia for purposes of any provision of this title relating to—

- (A) jurisdiction of courts, or
- (B) enforcement of summons.

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[§ 7701(b)—Definition of Resident]

(b) DEFINITION OF RESIDENT ALIEN AND NONRESIDENT ALIEN.—

(1) IN GENERAL.— For purposes of this title (other than subtitle B)—

(A) RESIDENT ALIEN.— An alien individual shall be treated as a resident of the United States with respect to any calendar year if (and only if) such individual meets the requirements of clause (i), (ii), or (iii):

(i) LAWFULLY ADMITTED FOR PERMANENT RESIDENCE.— Such individual is a lawful permanent resident of the United States at any time during such calendar year.

(ii) SUBSTANTIAL PRESENCE TEST.— Such individual meets the substantial presence test of paragraph (3).

(iii) FIRST YEAR ELECTION.— Such individual makes the election provided in paragraph (4).

(B) NONRESIDENT ALIEN.— An individual is a nonresident alien if such individual is neither a citizen of the United States nor a resident of the United States (within the meaning of subparagraph (A)).

(2) SPECIAL RULES FOR FIRST AND LAST YEAR OF RESIDENCY.—

(A) FIRST YEAR OF RESIDENCY.—

(i) IN GENERAL.— If an alien individual is a resident of the United States under paragraph (1)(A) with respect to any calendar year, but was not a resident of the United States at any time during the preceding calendar year, such alien individual shall be treated as a resident of the United States only for the portion of such calendar year which begins on the residency starting date.

(ii) RESIDENCY STARTING DATE FOR INDIVIDUALS LAWFULLY ADMITTED FOR PERMANENT RESIDENCE.— In the case of an individual who is a lawfully permanent resident of the United States at any time during the calendar year, but does not meet the substantial presence test of paragraph (3), the residency starting date shall be the first day in such calendar year on which he was present in the United States while a lawful permanent resident of the United States.

(iii) RESIDENCY STARTING DATE FOR INDIVIDUALS MEETING SUBSTANTIAL PRESENCE TEST.— In the case of an individual who meets the substantial presence test of paragraph (3) with respect to any calendar year, the residency starting date shall be the first day during such calendar year on which the individual is present in the United States.

(iv) RESIDENCY STARTING DATE FOR INDIVIDUALS MAKING FIRST YEAR ELECTION.— In the case of an individual who makes the election provided by paragraph (4) with respect to any calendar year, the residency starting date shall be the 1st day during such calendar year on which the individual is treated as a resident of the United States under that paragraph.

(B) LAST YEAR OF RESIDENCY.— An alien individual shall not be treated as a resident of the United States during a portion of any calendar year if—

- (i) such portion is after the last day in such calendar year on which the individual was present in the United States (or, in the case of an individual described in paragraph (1)(A)(i), the last day on which he was so described),
- (ii) during such portion the individual has a closer connection to a foreign country than to the United States, and
- (iii) the individual is not a resident of the United States at any time during the next calendar year.

(C) CERTAIN NOMINAL PRESENCE DISREGARDED.—

- (i) IN GENERAL.— For purposes of subparagraphs (A)(iii) and (B), an individual shall not be treated as present in the United States during any period for which the individual establishes that he has a closer connection to a foreign country than to the United States.
- (ii) NOT MORE THAN 10 DAYS DISREGARDED.— Clause (i) shall not apply to more than 10 days on which the individual is present in the United States.

(3) SUBSTANTIAL PRESENCE TEST.—

(A) IN GENERAL.— Except as otherwise provided in this paragraph, an individual meets the substantial presence test of this paragraph with respect to any calendar year (hereinafter in this subsection referred to as the “current year”) if—

- (i) such individual was present in the United States on at least 31 days during the calendar year, and
- (ii) the sum of the number of days on which such individual was present in the United States during the current year and the 2 preceding calendar years (when multiplied by the applicable multiplier determined under the following table) equals or exceeds 183 days:

In the case of days in: The applicable multiplier is:

Current year	1
1st preceding year	1/3
2nd preceding year	1/6

(B) EXCEPTION WHERE INDIVIDUAL IS PRESENT IN THE UNITED STATES DURING LESS THAN ONE-HALF OF CURRENT YEAR AND CLOSER CONNECTION TO FOREIGN COUNTRY IS ESTABLISHED.— An individual shall not be treated as meeting the substantial presence test of this paragraph with respect to any current year if—

- (i) such individual is present in the United States on fewer than 183 days during the current year, and
- (ii) it is established that for the current year such individual has a tax home (as defined in section 911(d)(3) without regard to the second sentence thereof) in a foreign country and has a closer connection to such foreign country than to the United States.

(C) SUBPARAGRAPH (B) NOT TO APPLY IN CERTAIN CASES.— Subparagraph (B) shall not apply to any individual with respect to any current year if at any time during such year—

- (i) such individual had an application for adjustment of status pending, or
- (ii) such individual took other steps to apply for status as a lawful permanent resident of the United States.

(D) EXCEPTION FOR EXEMPT INDIVIDUALS OR FOR CERTAIN MEDICAL CONDITIONS.— An individual shall not be treated as being present in the United States on any day if—

- (i) such individual is an exempt individual for such day, or
- (ii) such individual was unable to leave the United States on such day because of a medical condition which arose while such individual was present in the United States.

(4) FIRST-YEAR ELECTION.—

(A) An alien individual shall be deemed to meet the requirements of this subparagraph if such individual—

- (i) is not a resident of the United States under clause (i) or (ii) of paragraph (1)(A) with respect to a calendar year (hereinafter referred to as the “election year”),

(ii) was not a resident of the United States under paragraph (1)(A) with respect to the calendar year immediately preceding the election year,

(iii) is a resident of the United States under clause (ii) of paragraph (1)(A) with respect to the calendar year immediately following the election year, and

(iv) is both—

(I) present in the United States for a period of at least 31 consecutive days in the election year, and

(II) present in the United States during the period beginning with the first day of such 31-day period and ending with the last day of the election year (hereinafter referred to as the “testing period”) for a number of days equal to or exceeding 75 percent of the number of days in the testing period (provided that an individual shall be treated for purposes of this subclause as present in the United States for a number of days during the testing period not exceeding 5 days in the aggregate, notwithstanding his absence from the United States on such days).

(B) An alien individual who meets the requirements of subparagraph (A) shall, if he so elects, be treated as a resident of the United States with respect to the election year.

(C) An alien individual who makes the election provided by subparagraph (B) shall be treated as a resident of the United States for the portion of the election year which begins on the 1st day of the earliest testing period during such year with respect to which the individual meets the requirements of clause (iv) of subparagraph (A).

(D) The rules of subparagraph (D)(i) of paragraph (3) shall apply for purposes of determining an individual’s presence in the United States under this paragraph.

(E) An election under subparagraph (B) shall be made on the individual’s tax return for the election year, provided that such election may not be made before the individual has met the substantial presence test of paragraph (3) with respect to the calendar year immediately following the election year.

(F) An election once made under subparagraph (B) remains in effect for the election year, unless revoked with the consent of the Secretary.

(5) EXEMPT INDIVIDUAL DEFINED.— For purposes of this subsection—

(A) IN GENERAL.— An individual is an exempt individual for any day if, for such day, such individual is—

(i) a foreign government-related individual,

(ii) a teacher or trainee,

(iii) a student, or

(iv) a professional athlete who is temporarily in the United States to compete in a charitable sports event described in section 274(l)(1)(B).

(B) FOREIGN GOVERNMENT-RELATED INDIVIDUAL.— The term “foreign government-related individual” means any individual temporarily present in the United States by reason of—

(i) diplomatic status, or a visa which the Secretary (after consultation with the Secretary of State) determines represents full-time diplomatic or consular status for purposes of this subsection,

(ii) being a full-time employee of an international organization, or

(iii) being a member of the immediate family of an individual described in clause (i) or (ii).

(C) TEACHER OR TRAINEE.— The term “teacher or trainee” means any individual—

(i) who is temporarily present in the United States under subparagraph (J) or (Q) of section 101(15) of the Immigration and Nationality Act (other than as a student), and

(ii) who substantially complies with the requirements for being so present.

(D) STUDENT.— The term “student” means any individual—

(i) who is temporarily present in the United States—

(I) under subparagraph (F) or (M) of section 101(15) of the Immigration and Nationality Act, or

(II) as a student under subparagraph (J) of such section 101(15), and
(ii) who substantially complies with the requirements for being so present.

(E) SPECIAL RULES FOR TEACHERS, TRAINEES, AND STUDENTS.—

(i) LIMITATION ON TEACHERS AND TRAINEES.— An individual shall not be treated as an exempt individual by reason of clause (ii) of subparagraph (A) for the current year if, for any 2 calendar years during the preceding 6 calendar years, such person was an exempt person under clause (ii) or (iii) of subparagraph (A). In the case of an individual all of whose compensation is described in section 872(b)(3), the preceding sentence shall be applied by substituting “4 calendar years” for “2 calendar years”.

(ii) LIMITATION ON STUDENTS.— For any calendar year after the 5th calendar year for which an individual was an exempt individual under clause (ii) or (iii) of subparagraph (A), such individual shall not be treated as an exempt individual by reason of clause (iii) of subparagraph (A), unless such individual establishes to the satisfaction of the Secretary that such individual does not intend to permanently reside in the United States and that such individual meets the requirements of subparagraph (D)(ii).

(6) LAWFUL PERMANENT RESIDENT.— For purposes of this subsection, an individual is a lawful permanent resident of the United States at any time if—

(A) such individual has the status of having been lawfully accorded the privilege of residing permanently in the United States as an immigrant in accordance with the immigration laws, and

(B) such status has not been revoked (and has not been administratively or judicially determined to have been abandoned).

An individual shall cease to be treated as a lawful permanent resident of the United States if such individual commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country, does not waive the benefits of such treaty applicable to residents of the foreign country, and notifies the Secretary of the commencement of such treatment.

(7) PRESENCE IN THE UNITED STATES.— For purposes of this subsection—

(A) IN GENERAL.— Except as provided in subparagraph (B), (C), or (D), an individual shall be treated as present in the United States on any day if such individual is physically present in the United States at any time during such day.

(B) COMMUTERS FROM CANADA OR MEXICO.— If an individual regularly commutes to employment (or self-employment) in the United States from a place of residence in Canada or Mexico, such individual shall not be treated as present in the United States on any day during which he so commutes.

(C) TRANSIT BETWEEN 2 FOREIGN POINTS.— If an individual, who is in transit between 2 points outside the United States, is physically present in the United States for less than 24 hours, such individual shall not be treated as present in the United States on any day during such transit.

(D) CREW MEMBERS TEMPORARILY PRESENT.— An individual who is temporarily present in the United States on any day as a regular member of the crew of a foreign vessel engaged in transportation between the United States and a foreign country or a possession of the United States shall not be treated as present in the United States on such day unless such individual otherwise engages in any trade or business in the United States on such day.

(8) ANNUAL STATEMENTS.— The Secretary may prescribe regulations under which an individual who (but for subparagraph (B) or (D) of paragraph (3)) would meet the substantial presence test of paragraph (3) is required to submit an annual statement setting forth the basis on which such individual claims the benefits of subparagraph (B) or (D) of paragraph (3), as the case may be.

(9) TAXABLE YEAR.—

(A) IN GENERAL.— For purposes of this title, an alien individual who has not established a taxable year for any prior period shall be treated as having a taxable year which is the calendar year.

(B) FISCAL YEAR TAXPAYER.— If—

(i) an individual is treated under paragraph (1) as a resident of the United States for any calendar year, and

(ii) after the application of subparagraph (A), such individual has a taxable year other than a calendar year,

he shall be treated as a resident of the United States with respect to any portion of a taxable year which is within such calendar year.

(10) COORDINATION WITH SECTION 877.— If—

(A) an alien individual was treated as a resident of the United States during any period which includes at least 3 consecutive calendar years (hereinafter referred to as the “initial residency period”), and

(B) such individual ceases to be treated as a resident of the United States but subsequently becomes a resident of the United States before the close of the 3rd calendar year beginning after the close of the initial residency period,

such individual shall be taxable for the period after the close of the initial residency period and before the day on which he subsequently became a resident of the United States in the manner provided in section 877(b). The preceding sentence shall apply only if the tax imposed pursuant to section 877(b) exceeds the tax which, without regard to this paragraph, is imposed pursuant to section 871.

(11) REGULATIONS.— The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection.