§ 1.863–3AT Income from the sale of personal property derived partly from within and partly from without the United States (temporary regulations).

(a) [Reserved]

(b) Income partly from sources within a foreign country. (1) [Reserved]

(2) Allocation or apportionment.

Example 1. [Reserved]

Example 2. (i) Where an independent factory or production price has not been established as provided under Example (1), the gross income derived from the sale of personal property produced (in whole or in part) by the taxpayer within the United States and sold within a foreign country or produced (in whole or in part) by the taxpayer within a foreign country and sold within the United States shall be computed.

(ii) Of this gross amount, one-half shall be apportioned in accordance with the value of the taxpayer’s property within the United States and within the foreign country, the portion attributable to sources within the United States being determined by multiplying such one-half by a fraction, the numerator of which consists of the value of the taxpayer’s property within the United States and the denominator of which consists of the value of the taxpayer’s property both within the United States and within the foreign country. The remaining one-half of such gross income shall be apportioned in accordance with the gross sales of the taxpayer within the United States and within the foreign country, the portion attributable to sources within the United States being determined by multiplying such one-half by a fraction the numerator of which consists of the taxpayer’s gross sales for the taxable year or period both within the United States and within the foreign country, and the denominator of which consists of the taxpayer’s gross sales for the taxable year or period both within the United States and within the foreign country. Deductions from gross income that are allocable and apportionable to gross income described in paragraph (i) of this Example shall be apportioned between the United States and foreign source portions of such income, as determined under this paragraph (ii), on a pro rata basis, without regard to whether the deduction relates primarily or exclusively to the production of property or to the sale of property.

(b)(2) Example (2)(iii) through (c)(4) [Reserved]


§ 1.863–4 Certain transportation services.

(a) General. A taxpayer carrying on the business of transportation service (other than an activity giving rise to transportation income described in section 863(c) or to income subject to other specific provisions of this title) between points in the United States and points outside the United States