

§ 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 U.S.C. 3901 et seq.), 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; Pub. L. 115-141, div.

U, title IV, §401(a)(330), Mar. 23, 2018, 132 Stat. 1200.)

Editorial Notes

REFERENCES IN TEXT

The Servicemembers Civil Relief Act, referred to in subsec. (d)(1), is act Oct. 17, 1940, ch. 888, 54 Stat. 1178, which is classified generally to chapter 50 (§3901 et seq.) of Title 50, War and National Defense. For complete classification of this Act to the Code, see section 3901 of Title 50 and Tables.

AMENDMENTS

2018—Subsec. (d)(1). Pub. L. 115-141 substituted “50 U.S.C. 3901 et seq.” for “50 App. U.S.C. 501 et seq.”

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 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.

Statutory Notes and Related Subsidiaries

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—