

How to Determine if you have US Source Income

Item of Income	Factor Determining Source
Salaries, wages, other compensation	Where services performed
Business income: Personal services	Where services performed
Business income: Sale of inventory - purchased	Where sold
Business income: Sale of inventory - produced	Where produced (Allocation may be necessary)
Interest	Residence of payer
Dividends	Whether a U.S. or foreign corporation*
Rents	Location of property
Royalties: natural resources	Location of property
Royalties: patents, copyrights, etc.	Where property is used
Sale of real property	Location of property
Sale of personal property	Seller's tax home (but see <i>Personal Property</i> , in Chapter 2 of Publication 519, for exceptions)
Pensions	Where services were performed that earned the pension
Scholarships - fellowships	Generally, the residence of the payer
Sale of natural resources	Allocation based on fair market value of product at export terminal. For more information , see section 1.863-1(b) of the regulations.
<p>*Exception: Part of a dividend paid by a foreign corporation is U.S. source if at least 25% of the corporation's gross income is effectively connected with a U.S. trade or business for the 3 tax years before the year in which the dividends are declared.</p>	