

States Government and instrumentalities thereof. It does, however, exclude from taxation, or rather from the definition of taxable wages and salaries, the rental value of a home furnished to any employee or a reasonable rental allowance paid to any employee to the extent such allowance is to rent or provide a home. Also excluded is reasonable per diem and travel allowances to the extent they don't exceed comparable Trust Territory rates.

Under the above circumstances, we would appreciate an opinion from you as to whether the respective incomes and emoluments of Messrs. Falcon and Pangelinan are subject to Federal income taxes, and if so, to what extent.

Sincerely yours,

*C. Brewster Chapman Jr.*

C. Brewster Chapman, Jr.  
Assistant Solicitor, Territories  
Division of General Law

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