


DEPARTMENT OF THE TREASURY
OFFICE OF THE GENERAL COUNSEL
LEGISLATION SECTION

Feb. 17, 1984

CONFIRMATION OF TELEPHONE COMMENTS TO OMB

TO: ASSISTANT DIRECTOR FOR LEGISLATIVE REFERENCE
ATTENTION: John Cooney, Legislative Analyst

This is to confirm telephone comments provided your office by Ron Levy
on 2/17/84, relating to Executive Proclamation: "Application
of Certain Laws of the U.S. to Citizens of the Northern Mariana Islands."

✓  Briefly, the following comments were provided: Section 4(m) of the executive proclamation is unnecessary and should be deleted.

Section 4(m) makes the U.S.C. 897 inapplicable to those residents of the Northern Mariana Islands who declare in writing that they do not intend to exercise their option under section 302 of the Covenant to Establish a Commonwealth of the Northern Mariana Islands..., Pub. L. 94-241, 90 Stat. 263, March 24, 1976, 48 U.S.C. 1681 note. Section 897 of title 26, U.S.C., taxes the net gain from the sale of property, or the interest in property, in the United States by non-resident aliens.

Under 26 U.S.C. 935 a resident or a citizen of Guam is not a non-resident alien and section 601 of Pub. L. 94-241, 90 Stat. 263, 269, March 24, 1976, makes the income tax laws applicable to Guam similarly applicable to the Northern Mariana Islands.

Therefore, in light of the above, section 4(m) of the draft is superfluous as 26 U.S.C. 897 is applicable to non-resident aliens and residents of the Northern Mariana Islands are not non-resident aliens of the United States.

Thank you for the opportunity to provide our comments on the above matter. We would appreciate being kept advised of any further action taken by your office with regard to this matter.

Sincerely yours,



Arthur J. Schissel
Chief, Legislation Section