

Summary of Source Rules for Income of Nonresident Aliens

Item of income	Factor determining source
Salaries, wages, other compensation	Where services performed
Business income: <ul style="list-style-type: none"> • Personal services • Sale of inventory – purchased • Sale of inventory – produced 	<ul style="list-style-type: none"> • Where services performed • Where sold • Allocation
Interest	Residence of payer
Dividends	Whether a U.S. or foreign corporation*
Rents	Location of property
Royalties: <ul style="list-style-type: none"> • Natural resources • Patents, copyrights, etc. 	<ul style="list-style-type: none"> • Location of property • Where property is used
Sale of real property	Location of property
Sale of personal property	Seller's tax home (see IRS Publication 519 , <i>U.S. Tax Guide for Aliens</i> for exceptions)
Pension distributions attributable to contributions	Where services were performed that earned the pension
Investment earnings on pension contributions	Location of pension trust
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.
*Exceptions include: <ol style="list-style-type: none"> a) Dividends paid by a U.S. corporation are foreign source if the corporation elects the American Samoa economic development credit. b) 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. 	

Source: [IRS Publication 519](#), *U.S. Tax Guide for Aliens*

