

### Internal Revenue Code Section 904(j)(3)

#### Limitation on Credit

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#### (j) Certain individuals exempt.

##### (1) In general.

In the case of an individual to whom this subsection applies for any taxable year-

(A) the limitation of subsection (a) shall not apply,

(B) no taxes paid or accrued by the individual during such taxable year may be deemed paid or accrued under subsection (c) in any other taxable year, and

(C) no taxes paid or accrued by the individual during any other taxable year may be deemed paid or accrued under subsection (c) in such taxable year.


##### (2) Individuals to whom subsection applies.

This subsection shall apply to an individual for any taxable year if-

(A) the entire amount of such individual's gross income for the taxable year from sources without the United States consists of qualified passive income,

(B) the amount of the creditable foreign taxes paid or accrued by the individual during the taxable year does not exceed \$300 (\$600 in the case of a joint return), and

(C) such individual elects to have this subsection apply for the taxable year.



##### (3) Definitions.

For purposes of this subsection -

(A) Qualified passive income. The term "qualified passive income" means any item of gross income if-

(i) such item of income is passive income (as defined in subsection (d)(2)(B) without regard to clause (iii) thereof), and

(ii) such item of income is shown on a payee statement furnished to the individual.

(B) Creditable foreign taxes. The term "creditable foreign taxes" means any taxes for which a credit is allowable under section 901 ; except that such term shall not include any tax unless such tax is shown on a payee statement furnished to such individual.

(C) Payee statement. The term "payee statement" has the meaning given to such term by section 6724(d)(2) .

(D) Estates and trusts not eligible. This subsection shall not apply to any estate or trust.

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