

which case all of such gross income and deductions shall be treated as the gross income and deductions of the wife;

“(B) If any portion of a partner’s distributive share of the ordinary net income or loss from a trade or business carried on by a partnership is community income or loss under the community property laws applicable to such share, all of such distributive share shall be included in computing the net earnings from self-employment of such partner, and no part of such share shall be taken into account in computing the net earnings from self-employment of the spouse of such partner;

Post, p. 946.

Post, p. 543.

Post, p. 944.

“(7) In the case of any taxable year beginning on or after the effective date specified in section 3810, (A) the term ‘possession of the United States’ as used in section 251 shall not include Puerto Rico, and (B) a citizen or resident of Puerto Rico shall compute his net earnings from self-employment in the same manner as a citizen of the United States and without regard to the provisions of section 252.

Post, p. 944.

If the taxable year of a partner is different from that of the partnership, the distributive share which he is required to include in computing his net earnings from self-employment shall be based upon the ordinary net income or loss of the partnership for any taxable year of the partnership (even though beginning prior to January 1, 1951) ending within or with his taxable year.

“(b) SELF-EMPLOYMENT INCOME.—The term ‘self-employment income’ means the net earnings from self-employment derived by an individual (other than a nonresident alien individual) during any taxable year beginning after December 31, 1950; except that such term shall not include—

“(1) That part of the net earnings from self-employment which is in excess of: (A) \$3,600, minus (B) the amount of the wages paid to such individual during the taxable year; or

“(2) The net earnings from self-employment, if such net earnings for the taxable year are less than \$400.

“Wages.”

For the purposes of clause (1) the term ‘wages’ includes such remuneration paid to an employee for services included under an agreement entered into pursuant to the provisions of section 218 of the Social Security Act (relating to coverage of State employees) as would be wages under section 1426 (a) if such services constituted employment under section 1426 (b). In the case of any taxable year beginning prior to the effective date specified in section 3810, an individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) and who is not a resident of the United States or of the Virgin Islands during such taxable year shall be considered, for the purposes of this subchapter, as a nonresident alien individual. An individual who is not a citizen of the United States but who is a resident of the Virgin Islands or (after the effective date specified in section 3810) a resident of Puerto Rico shall not, for the purposes of this subchapter, be considered to be a nonresident alien individual.

“(c) TRADE OR BUSINESS.—The term ‘trade or business’, when used with reference to self-employment income or net earnings from self-employment, shall have the same meaning as when used in section 23, except that such term shall not include—

“(1) The performance of the functions of a public office;

“(2) The performance of service by an individual as an employee (other than service described in section 1426 (b) (16) (B) performed by an individual who has attained the age of eighteen);

“(3) The performance of service by an individual as an employee or employee representative as defined in section 1532;

53 Stat. 12.
26 U. S. C. § 23; Sup.
III, § 23.
Post, pp. 929, 941,
959, 1219.

Ante, p. 532.

53 Stat. 181.
26 U. S. C. § 1532.