

“(ii) that portion of the nonbusiness deductions taken into account for purposes of the State’s qualified resident tax which bears the same ratio to the amount of such deductions as the income referred to in clause (i) bears to his adjusted gross income, and

“(E) the State has in effect for the same period a qualified resident tax.

“(2) WAGE AND OTHER BUSINESS INCOME.—The term ‘wage and other business income’ means—

Ante, p. 125.
26 USC 3401.

68A Stat. 353;
81 Stat. 841.

72 Stat. 1650.

“(A) wages, as defined in section 3401(a),

“(B) net earnings from self-employment (within the meaning of section 1402(a)), and

“(C) the distributive share of income of any trade or business carried on by a trust, estate, or electing small business corporation (within the meaning of section 1371(a)) to the extent such share (i) is includible in the gross income of the individual for the taxable year, and (ii) would constitute net earnings from self-employment (within the meaning of section 1402(a)) if such trade or business were carried on by a partnership.

“(e) REQUIREMENTS RELATING TO RESIDENCE.—A tax imposed by a State meets the requirements of this subsection only if for purposes of such tax—

“(1) RESIDENT INDIVIDUAL.—An individual (other than a trust or estate) is treated as a resident of such State with respect to a taxable year only if—

“(A) his principal place of residence has been within such State for a period of at least 135 consecutive days and at least 30 days of such period are in such taxable year, or

“(B) in the case of a citizen or resident of the United States who is not a resident (determined in the manner provided in subparagraph (A)) of any State with respect to such taxable year, such individual is domiciled in such State for at least 30 days during such taxable year.

Nothing in this subchapter shall be construed to require or authorize the treatment of a Senator, Representative, Delegate, or Resident Commissioner as a resident of a State other than the State which he represents in Congress.

“(2) ESTATE.—An estate of an individual is treated as a resident of the last State of which such individual was a resident (within the meaning of paragraph (1)) before his death.

“(3) TRUSTS.—

“(A) TESTAMENTARY TRUST.—A trust with respect to which a deceased individual is the principal contributor by reason of property passing on his death is treated as a resident of the last State of which such individual was a resident (within the meaning of paragraph (1)) before his death.

“(B) NONTESTAMENTARY TRUST.—A trust (other than a trust described in subparagraph (A)) is treated as a resident of such State with respect to a taxable year only if the principal contributor to the trust, during the 3-year period ending on the date of the creation of the trust, resided in the State for an aggregate number of days longer than the aggregate number of days he resided in any other State.

“(C) SPECIAL RULES.—For purposes of this paragraph—

“(i) If on any day before the close of the taxable year an existing trust received assets having a value greater