

Rev. Rul. 63-244, 1963-2 C.B. 21, 1963 WL 13169 (IRS RRU)

Internal Revenue Service (I.R.S.)

Revenue Ruling

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Income directly derived from the lands held in trust by the United States Government for the Sac and Fox Indians in the State of Oklahoma comes within the [application of Revenue Ruling 56-342, C.B. 1956-2, 20](#), as amplified by [Revenue Ruling 62-16, C.B. 1962-1, 7](#), and may be excluded from the gross income of such Indians for Federal income tax purposes.

Advice has been requested whether income directly derived from allotted lands held in trust by the United States Government for individual members of the Sac and Fox Indians in the State of Oklahoma comes within the [application of Revenue Ruling 56-342, C.B. 1956-2, 20](#), and may be excluded from the gross income of such Indians for Federal income tax purposes.

[Revenue Ruling 56-342](#) states that income held in trust for, or received by, the patent holder which is derived directly from allotted and restricted Indian lands while such lands are held by the United States, as trustee, in accordance with section 5 of the General Allotment Act of February 8, 1887, 24 Stat. 389, as originally enacted, is exempt from Federal income tax.

The General Allotment Act provided for the division of certain tribal lands among individual Indians. This Act, however, did not apply to all Indian lands. Section 8 of the Act, 24 Stat. 391, as originally enacted, provided, in part, as follows:

* * * the provisions of this Act shall not extend to the territory occupied by the * * * Sacs and Foxes, in the Indian Territory, * * *

Although it would at first appear that the provisions of the General Allotment Act did not apply to the Fox and the Sac Indians in Oklahoma, legislation subsequent to such Act had the effect of bringing those Tribes within the Act. When the Territory of Oklahoma was established by the Organic Act of May 2, 1890, 26 Stat. 81, it was carved out of the Indian Territory, part of which was occupied by the Sac and the Fox Indians. Thus, the lands of the Sac and Fox Indians came within the boundaries of that Territory and were removed from the Indian Territory. Subsequently, Public Resolution 31, Fifty-seventh Congress, First Session, 32 Stat. 744, was approved. This resolution, as approved, provided, in part, as follows:

Insofar as not otherwise specially provided, all allotments in severalty to Indians, outside of the Indian Territory, shall be made in conformity to the provisions of the Act approved February eighth, eighteen hundred and eighty-seven, entitled 'An Act to provide for the allotment of lands in severalty to Indians on the various reservations, and to extend the protection of the laws of the United States and the Territories over the Indians, and for other purposes,' and other general Acts amendatory thereof or supplemental thereto, and shall be subject to all the restrictions and carry all the privileges incident to allotments made under said Act and other general Acts amendatory thereof or supplemental thereto.

It can be seen that the above-quoted provision extended the General Allotment Act, generally, to cover all allotments in severalty to Indians outside the Indian Territory.

Since such provision was approved after the lands of the Sacs and Foxes had been removed from the Indian Territory, the Act is applicable to such lands.

Accordingly, it is held that income directly derived from the lands held in trust by the United States Government for the Sac and Fox Indians in the State of Oklahoma comes within the [application of Revenue Ruling 56-342](#), as amplified by [Revenue Ruling 62-16](#), [C.B. 1962-1, 7](#), and may be excluded from the gross income of such Indians for Federal income tax purposes.

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