

ID: CCA_2023062310002617

[Third Party Communication:

UILC: 863.00-00

Date of Communication: Month DD, YYYY]

Number: **202346020**

Release Date: 11/17/2023

From: [REDACTED]

Sent: Friday, June 23, 2023 10:00:26 AM

To: [REDACTED]

Cc: [REDACTED]

Bcc:

Subject: RE: Comments due 6/26 for URGENT: TPC 2023 Form 5074 - 2nd Cir

Hi [REDACTED],

After reviewing, I still think the language is okay as it stands. I do understand Joanne's point that the language could be more descriptive, so I will offer this alternative version as well:

"For example, if you are a U.S. citizen or resident alien and not a bona fide resident of Guam or the CNMI, gain from the sale or disposition of personal property is generally treated as U.S. source. Income from the sale of inventory is generally sourced where the title to the property passes. However, **in some cases, such as where the taxpayer produces the inventory, or where the taxpayer purchases the inventory within a U.S. territory and sells the inventory within the United States, source is based on an allocation. ~~the income from the sale of inventory purchased or produced by a seller within a U.S. territory and sold within the United States is sourced based on an allocation.~~** See section 865 for details."

Both approaches are defensible. The choice is a matter of publication drafting and policies and whether you want to keep changes to a minimum or prefer to be more descriptive and particular.

Best,

[REDACTED]