

RELEASE IN FULL

## Section 893

June 26, 1975, the date of the announcement of this Revenue Ruling.

### Section 893.—Compensation of Employees of Foreign Governments or International Organizations

26 CFR 1.893-1: Compensation of employees of foreign governments or international organizations.

**Exemption; aliens employed by foreign governments or international organizations.** Aliens, employed by foreign governments and international organizations, who file the waiver provided by section 247(b) of the Immigration and Nationality Act will lose their exemption from Federal income tax provided under section 893 of the Code; however, for aliens whose exemption stems from treaties or consular agreements with the listed countries, or from employment by certain international organizations, the filing of the waiver may have no effect. Rev. Rul. 54-397 superseded and Rev. Rul. 71-566 clarified.

#### Rev. Rul. 75-425

The purpose of this Revenue Ruling is to update and restate Rev. Rul. 54-397, 1954-2 C.B. 171, relating to the effect of signing a waiver under section 247(b) of the Immigration and Nationality Act by aliens employed by foreign governments and international organizations in the United States, and to clarify Rev. Rul. 71-566, 1971-2 C.B. 267.

Aliens employed by foreign governments and international organizations who file the waiver provided by section 247(b) of the Immigration and Nationality Act, 8 U.S.C. 1257(b) (1970) in order to retain their immigrant status are, from the date of filing such waiver, no longer entitled to the exemption from Federal income tax provided by section 893 of the Internal Revenue Code of 1954 with respect to their compensation from such government or international organization. On the other hand, the

filing of the waiver has no effect on any exemption from Federal income tax if such exemption is derived from a tax treaty, consular agreement, or international agreement. Section 1.893-1 of the Income Tax Regulations. The application of these rules with respect to those foreign countries with which the United States has income tax treaties and consular agreements and certain international organizations is set forth below.

1. The exemption from Federal income tax of the compensation of aliens whether or not citizens of the employing country, received as employees of the following countries with which the United States has executed income tax treaties is derived from the provisions of section 893 of the Code and the filing of the waiver will terminate such exemption:

Australia	Norway**
Austria**	Pakistan
Denmark*	Republic of
Finland**	South Africa
Germany**	Sweden*
Greece**	Trinidad and
Italy*	Tobago*
Japan	United
Luxembourg	Kingdom*

\* With respect to employees covered by consular agreements see category 5 of this Revenue Ruling.

\*\* With respect to nationals covered by consular agreements with these sending Nations see category 6 of this Revenue Ruling.

2. The exemption from Federal income tax of the compensation of aliens, other than citizens of the employing country, received as employees of the following countries is derived from the provisions of section 893 of the Code and the filing of the waiver will terminate such exemption:

Belgium	Netherlands
Burundi	Antilles
France	Rwanda
Netherlands	Zaire

However, the income tax treaty with

France specifically provides that the compensation paid to an employee who is a French national is exempt from United States income tax if he is not a citizen of the United States and does not have immigrant status in the United States or has immigrant status but has agreed that the period of residence or presence in the United States will not count toward the period of residence or presence in the United States required for naturalization. The income tax treaty with the Netherlands and the Netherlands Antilles exempt compensation paid to individuals deemed to be citizens of both the United States and the Netherlands or the Netherlands Antilles. The Belgium, Burundi, Rwanda, and Zaire income tax treaties exempt from income tax the compensation paid to employees who are citizens of the employing country and the filing of the waiver will not terminate such exemption.

3. The exemption from Federal income tax of the compensation of aliens, whether or not citizens of the employing country, received as employees of the following countries is specifically provided for in the income tax treaties with such countries and the filing of the waiver will not terminate such exemption:

Antigua	Malawi
Barbados	Montserrat
Belize	New Zealand
British	Nigeria
Virgin Islands	St. Christopher-
Canada	Nevis-Anguilla
Dominica	St. Lucia
Falkland Islands	St. Vincent
Gambia	Scycheles
Grenada	Sierra Leone
Ireland	Switzerland
Jamaica	Zambia

4. Generally, the exemption from Federal income tax of compensation of employees of international organizations is derived from the provisions of section 893 of the Code. However, the alien employees of the international organizations listed below derive ex-

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emption from income tax on their official compensation from the articles of agreement under which such organizations were created and the filing of the waiver will not terminate such exemption:

Inter-American Development Bank  
International Bank for Reconstruction and Development

International Centre for Settlement of Investment Disputes

International Coffee Organization

International Court of Justice\*

International Development Association

International Finance Corporation

International Monetary Fund

North Atlantic Treaty Organization

United Nations Organization\*\*

\* limited to members of the court and the registrar

\*\* limited to officials

5. Generally, the exemption from Federal income tax of compensation of alien employees, whether or not citizens of the employing country, of foreign consulates is derived from the provisions of section 893 of the Code. However, the alien consular employees of the following countries derive exemption from income tax on their official compensation from consular agreements and the filing of the waiver does not terminate such exemption:

Argentina	Mauritius
Afghanistan	Nigeria
Barbados	Paraguay
Botswana	Romania
Costa Rica	Saudi-Arabia
Cyprus	Sierra Leone
Denmark	Singapore
Fiji	Spain
Gambia	Swaziland
Ghana	Sweden
Guyana	Tanzania
Ireland	Tonga
Italy	Trinidad &
Jamaica	Tobago
Kuwait	United Kingdom
Lesotho	Yemen (San'a')
Malaysia	Zambia
Malta	

Rev. Rul. 71-566 holds that the execution and filing of a waiver provided by section 247(b) of the Immigration and Nationality Act by a resident alien individual who is employed by a Government covered by the United States-United Kingdom Income Tax Convention, T.D. 5569, 1947-2 C.B. 100, and Supplemental Protocol T.I.A.S. 6089, 1966-2 C.B. 582, whose compensation for official service to such Government is exempt from Federal income tax under section 893 of the Code, would cause such individual to lose such exemption. This holding is reaffirmed in Category 1 of this Revenue Ruling. However, a consular employee, as described in Category 5 of this Revenue Ruling, who signs such a waiver maintains his tax exempt status by reason of a United States-United Kingdom Consular Agreement, 3 U.S.T. 3426 (1951). Such agreement prevails over the provisions of the United States-United Kingdom Income Tax Convention.

6. The exemption from Federal income tax derived from consular agreements with the following countries is limited to nationals of the sending nations:

Austria	Guatemala
Belgium	Haiti
Bolivia	Honduras
Brazil	Latvia
Chile	Liberia
Colombia	Mexico
Cuba	Nicaragua
Dominican Republic	Norway
Ecuador	Panama
El Salvador	Paraguay
Estonia	Peru
Finland	Philippines
Germany	Uruguay
Greece	Venezuela
	Yugoslavia

Therefore, filing of the waiver by alien consular employees of such countries other than such nationals will terminate the exemption.

7. The exemption from Federal income tax derived from consular agree-

ments with the following country is limited to nationals of the sending nations who are not also nationals of the receiving nations:

## Ethiopia

Rev. Rul. 54-397 is hereby superseded, since the position set forth therein is updated and restated in this Revenue Ruling.

Rev. Rul. 71-566 is hereby clarified.

*26 CFR 1.893-1: Compensation of employees of foreign governments or international organizations.*

**Exemption; resident aliens employed by the International Telecommunications Satellite Organization.** Resident aliens employed by the International Telecommunications Satellite Organization who file the waiver provided by section 247(b) of the Immigration and Nationality Act will lose their exemption from Federal income tax provided under section 893 of the Code.

## Rev. Rul. 75-426

Advice has been requested whether the execution and filing of a waiver provided by section 247(b) of the Immigration and Nationality Act, 8 U.S.C. 1257(b) (1970) by a resident alien individual who is employed by the International Telecommunications Satellite Organization (INTELSAT) and whose compensation for official services to such organization is exempt from Federal income tax under a Headquarters Agreement would cause such individual to lose such exemption and be subject to such tax.

INTELSAT is an arrangement whereby 68 countries are participating in the establishment of a global commercial communications satellite system. The various countries either participate directly or through a designated communications entity, public or private. INTELSAT is operating under an agreement signed between the United States and other govern-