

DOUBLE TAXATION: SHIPPING PROFITS

Exchange of notes at Rio de Janeiro March 5, May 31, and September 17, 1929, and March 11, August 21, and September 1, 1930

Entered into force September 1, 1930; operative from January 1, 1929

47 Stat. 2620; Executive Agreement Series 16

The American Ambassador to the Minister of Foreign Affairs

AMERICAN EMBASSY

RIO DE JANEIRO, March 5, 1929

No. 1419

MR. MINISTER:

The representative of the United States Shipping Board has called my attention to Article 6 of Executive Decree No. 5,623, of December 29, 1928, by which His Excellency the President of the Republic sanctioned a law of Congress which "Reduces the duties on rolling and traction material for railroad and city transportation; alters the tax on paper for wrapping fruits; exempts from duties the importation of gold in bars and coined; regulates the payment by 'exercício findo' and adopts other measures."

Article 6 of said Law states:

"Foreign navigation companies are hereby exempted from income tax, provided that the country in which their head office is located, grants exemption to Brazilian companies of the same character."

According to the dispositions of Section 213(b)(8) of the Revenue Laws of the United States of 1924 and 1926 which were also included in the Revenue Law of the United States of 1928 in Section 212(b) and 231(b):

"(8) The income of a foreigner non-resident or of a foreign corporation which consists exclusively of profit derived from a ship or ships operating under the laws of a foreign country which grants equal exemption to citizens of the United States and to corporations organized in the United States. . . ."

It would appear that the above mentioned Revenue Laws of the United States contain a provision which would meet the terms of Article 6, of Executive Decree No. 5,623 of December 29, 1928, and that therefore I am