

DOUBLE TAXATION: SHIPPING PROFITS

Exchange of notes at Washington August 11 and November 18 and 26, 1924, and January 15, February 13, and March 16, 1925
Entered into force March 16, 1925; operative from May 1, 1923
*Superseded January 1, 1945 (as to United States tax), and April 6, 1945 (as to United Kingdom tax) by convention of April 16, 1945*¹

47 Stat. 2587; Executive Agreement Series 7

The Acting Secretary of State to the British Ambassador

DEPARTMENT OF STATE,
WASHINGTON, August 11, 1924

EXCELLENCY:

Referring to the Embassy's note No. 138 of February 11, 1924, and to previous correspondence relating to a proposed arrangement between the Internal Revenue authorities of the United States and Great Britain with a view to granting relief from double income taxation in cases where the profits arising from the business of shipping are chargeable to both British income tax and to income tax payable in the United States, I have the honor to inform you of the receipt of a letter on the subject from the Secretary of the Treasury.

It appears therefrom that Section 213(b)(8) of the Revenue Act of 1921 which has been reenacted as Section 213(b)(8) of the Revenue Act of 1924² exempts from tax so much of the income of a nonresident alien or foreign corporation as is derived from the operation of a ship or ships documented under the laws of a foreign country if that foreign country in turn exempts from tax so much of the income of a citizen of the United States nonresident in such country and of a corporation organized in the United States as is derived from the operation of a ship or ships documented under the laws of the United States. The question of the exemption from tax of income derived from the operation of British vessels has, as the Embassy has observed, previously been discussed by officials of the Treasury Department with Sir Percy Thompson, Deputy Chairman of the British Board of Inland Revenue, who

¹ TIAS 1546, *post*, p. 671.

² 44 Stat. 25.