

DOUBLE TAXATION: SHIPPING PROFITS

Exchange of notes at Washington March 31, 1938; United States memorandum dated March 31, 1938
Entered into force March 31, 1938

52 Stat. 1490; Executive Agreement Series 121

EXCHANGE OF NOTES

The Secretary of State to the Swedish Minister

DEPARTMENT OF STATE
WASHINGTON, *March 31, 1938*

SIR:

In order to insure that American shipping will continue to enjoy the benefits of tax exemption which have been in effect in Sweden pursuant to the exchange of notes commencing with the Swedish Legation's notes of January 27, 1922, and February 24, 1922,¹ I have the honor to inform you that, on condition of reciprocity, corporations, including maritime shipping companies, organized in Sweden, the vessels of which, documented under the laws of Sweden, call at ports in the United States of America either to load or to unload cargo, or to embark or to land passengers, shall be exempted by the Government of the United States of America from the payment of taxes on income or profits derived exclusively from the operation of such vessels.

In consequence thereof, Sweden is held to have satisfied the equivalent exemption provisions of Sections 212(b) and 231(e) of the Revenue Act of 1936² and the provisions for taxation of the income of corporations contained in said Act shall in no case be applied to corporations, including maritime shipping companies, organized in Sweden.

This exemption shall apply even though a Swedish corporation or company has an agency or a branch office in the United States, provided that the activities of the agency or branch office are limited to the direct operation of vessels.

¹ *Ante*, p. 746.

² 49 Stat. 1715 and 1717.