

Internal Revenue Service

Department of the Treasury

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Washington, DC 20224

Person to Contact:

Telephone Number:

Refer Reply To:

CC:INTL:Br1-PLR-105625-00

Date:

December 6, 2000

TY:

Legend

X =

Country A =

Dear :

This is in response to a letter dated March 8, 2000, submitted by X's authorized representative requesting a ruling that Article 21 of the United States - Country A Income Tax Treaty ("Treaty") is applicable, and that X's employees are not subject to U.S. income tax. The information submitted for consideration is substantially as set forth below.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Article 21 of the Treaty states, in relevant part:

(2) Wages, salaries, and similar remuneration, including pensions or similar benefits, paid by, or out of funds to which contributions are made by, [Country A], or local authority thereof to an individual who is a national of [Country A] for labor or personal services performed for [Country A] or for any of its local authorities in the discharge of governmental functions shall not be subject to United States tax, if such individual is not a citizen of the United States and does not have immigrant status in the United States.

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X represents that it is an instrumentality of the government of Country A. It is not engaged in industrial or commercial activities. It does not carry out functions of a bank. Rather, it is engaged in advertising activities, making contacts in the financial community, and serving as a liaison with U.S. government agencies. The annual profits of X must be paid into the treasury of Country A. Based on the foregoing, it is concluded that X is not a bank and does not conduct banking, financing, or similar business in the United States. It is further concluded, for purposes of Article 21(2) of the Treaty, that X performs governmental functions for Country A.

In accordance with Article 21(2) of the Treaty, it is also concluded that wages, salaries, and similar remuneration for services performed for Country A in the discharge of governmental functions paid by X to its employees who are nationals of Country A, and who are not citizens of the United States and do not have immigrant status in the United States, are exempt from U.S. income tax.

This ruling is directed only to the taxpayer(s) requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

A copy of this letter must be attached to any tax return to which it is relevant.

Sincerely,
W. Edward Williams
Senior Technical Reviewer, Branch 1
Office of Associate Chief Counsel
(International)

cc: