



From the Secretary of State for External Affairs of Canada to the Japanese
Chargé d'Affaires at Ottawa

DEPARTMENT OF EXTERNAL AFFAIRS.

OTTAWA, September 21, 1929.

SIR,—

Acknowledging the receipt of your note dated 21st September, 1929, regarding the reciprocal exemption, as between the Dominion of Canada and Japan, from income tax on profits accruing from the operation of ships, I have the honour to inform you as follows:

(1) The Canadian Government declare that they will take the necessary steps in conformity with Section 4 (m), of the Canadian Income War Tax Act, 1917, as amended by the Statute 18 and 19 George V, c. 12, and the Regulations relating thereto, upon condition of reciprocity, to exempt from income tax chargeable in the Dominion of Canada all incomes which accrue from the business of shipping carried on by means of ships whose port of registry is in Japan, by an individual, whether Japanese or other, who is resident in Japan but not in the Dominion of Canada, or by a corporate body, whether Japanese or other, whose principal office or centre of actual control and management is in Japan but not in the Dominion of Canada. The Canadian Government further declare that a similar exemption will also be accorded to all incomes and net profits which arise from the business of shipping carried on by an individual or a corporate body, Japanese or other, resident in Japan but not in the Dominion of Canada by means of ships whose port of registry is in a third country, provided the said third country grants reciprocal exemption from income tax on all incomes and net profits accruing from the business of shipping carried on by means of ships whose port of registry is in the Dominion of Canada. It is understood that the aforesaid exemption shall be applied to such incomes, prescribed in the foregoing provisions, as have accrued or will accrue on and after the 12th day of the month of May, 1928.

(2) It is understood that the terms "the Dominion of Canada" and "Japan" include all regions under the rule of the respective countries.

(3) It is understood that the term "the business of shipping" as used in the foregoing paragraphs, means the business carried on by an owner of a ship or ships, and for the purpose of this definition the term "Owner" includes any charterer.

(4) It is understood that if and so soon as such exemption as is prescribed under head (1) ceases to be practicable in the Dominion of Canada because of any revision or repeal of the Laws and Regulations concerned, the said exemption shall immediately cease to have effect.

Accept, Sir, the renewed assurances of my highest consideration.

O. D. SKELTON,

For the Secretary of State for External Affairs.

Mr. Yoshio Iwate,
Chargé d'Affaires, Japanese Legation,
Ottawa.