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

JAPANESE LEGATION,

OTTAWA.

September 21, 1929.

With reference to our previous correspondence regarding the reciprocal exemption, as between Japan and the Dominion of Canada, from income tax on profits accruing from the operation of ships, the Japanese Government, enterlaining the belief that the Japanese Laws and Ordinances with regard to the reciprocal exemption from income tax are identical on certain points with the Laws and D. Laws and Regulations of the Dominion of Canada, have instructed me to inform

you as follows: (1) The Japanese Government declare that they will take the necessary steps in conformity with Law No. 6, 1924, as amended by Law No. 6, 1928, and the Ordinary with Law No. 6, 1924, as amended by Law No. 6, 1928, and the Ordinance relating thereto, upon condition of reciprocity, to exempt from income to the condition of reciprocity. income tax and business profits tax chargeable in Japan all incomes and net profits which accrue from the business of shipping carried on by means of ships whose part accrue from the business of shipping carried on by means of ships whose port of registry is in the Dominion of Canada, by an individual, whether Canadian or registry is in the Dominion of Canada but not in Japan, Canadian or other who is resident in the Dominion of Canada but not in Japan, or by a control of the control of or by a corporate body, whether Canadian or other, whose principal office or centre of canadian or other, whose principal office or centre of canadian or other, whose principal office or centre of canadian or other canadian or o centre of actual control and management is in the Dominion of Canada but not in Japan. The Japanese Government further declare that a similar exemption will also the Japanese Government further declare that a similar exemption the busiwill also be accorded to all incomes and net profits which arise from the business of ships of ships accorded to all incomes and net profits which arise from the business of ships of ships accorded to all incomes and net profits which arise from the business of ships of ships accorded to all incomes and net profits which arise from the business of ships of ships of the ships of t ness of shipping carried on by an individual or a corporate body, Canadian or other, recidents of ships of ships other, resident in the Dominion of Canada but not in Japan by means of ships whose posterior and the country Whose port of registry is in a third country, provided the said third country grants recigrants 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 registres. of registry is in Japan. It is understood that the aforesaid exemption shall be applied to applied to such incomes and net profits, prescribed in the foregoing provisions, as have a such incomes and net profits, prescribed in the foregoing provisions, the have a such incomes and net profits, prescribed in the foregoing provisions, as have a such a su 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 "Japan" and "the Dominion of Caninclude all

ada, 12) It is understood that the terms "Japan and countries. include all regions under the rule of the respective countries.

(3) It is understood that the terms "Japan and countries."

the (3) It is understood that the term "the business of shipping" as used in foregoing paragraphs, means the business carried on by an owner of a ship the ships, and for the foregoing paragraphs, means the business carried on by an owner "includes any 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 Japan because of any revision or repeal of the said exemption shall immedirepeal of the Laws and Ordinances concerned, the said exemption shall immediately case. ately cease to have effect.

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

YOSHIO IWATE. Chargé d'Affaires of Janan.

The Right Honourable W. L. Mackenzie King, C.M.G., Charge d'Affaires, Japanese Le Secretary of State for External Affairs, Ottawa.

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