

From the Secretary of State for External Affairs of Canada to the Consul-General of the Netherlands for Canada
OTTAWA, 23 September, 1929

DEPARTMENT OF EXTERNAL AFFAIRS.

OTTAWA, Sept. 23, 1929.

SIR,—It being the desire of our respective Governments to effect an arrangement for reciprocal exemption from Income Tax of income arising within their respective countries from the operation therein of ships owned or controlled by and used in the business of persons or corporations resident in the country of the other, I have the honour to inform you that the Canadian Government agrees to the following undertaking:

1. In respect of Canada the Canadian Government undertakes that in accordance with the provisions of the Income War Tax Act 1917, revised Statutes of Canada 1927, Chapter 97 as amended, the income from the operation of ships owned or operated by persons or corporations resident in the Netherlands shall not be liable to taxation.

2. In respect of the Netherlands the Netherland Government undertakes that in accordance with the laws of the Netherlands relating to income tax (Wet op de inkomstenbelasting van 19 December, 1914, Staatsblad No. 563; wet op de verdedigingsbelasting II van 28 December, 1926, Staatsblad No. 430) the income from the operation of ships owned or operated by persons or corporations resident in Canada, shall in like manner be exempt from taxation and that in accordance with the laws of the Netherlands relating to dividend and tantième tax (Wet op de dividend-en tantièmebelasting van 11 Januari 1918, Staatsblad No. 4) the profits from the operation of ships owned or operated by corporations resident in Canada, shall in like manner be exempt from taxation.

3. It is understood that the expression "operation of ships" means the business carried on by an owner of ships and that for the purpose of this definition the expression "owner" includes any charterer.

4. It is agreed that the exemption from income tax on the income derived from the operation of the aforementioned ships shall be deemed to be effective in respect of the income of fiscal periods ending in the year 1929 and each year thereafter until rescinded by either party giving to the other notice one year in advance of the fiscal periods effected, or until otherwise rescinded by the repeal of the income tax laws of either country.

5. It is further agreed that taxes which have been paid by persons or corporations resident in the country of the other and which have been paid more than a year from the date hereof shall not be refunded.

I have the honour to be, etc.,

O. D. SKELTON,

For the Secretary of State for External Affairs.

The Consul-General of the Netherlands,
p.t. Ottawa.