

*From the Consul-General of Sweden for Canada to the Secretary of State for
External Affairs of Canada*

p.t. OTTAWA, 21st November, 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 Government of Sweden agrees to the following undertaking:

1. In respect of Sweden the Swedish Government undertakes that in accordance with the provisions of the Royal Ordinance of September 28, 1928, regarding national tax on income and capital the income from the operation of ships owned or operated by persons or corporations resident in Canada shall not be liable to taxation.

2. In respect of Canada the Canadian Government undertakes that in accordance with the provisions of the Income War Tax Act the income from the operation of ships owned or operated by persons or corporations resident in Sweden 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 earned in the year 1928 and each year thereafter. It is further agreed that the provisions of this arrangement may be terminated on the first of January of any year, subject to six months' notice by either party to the other of its intention to terminate the same.

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.,

MAGNUS CLARHOLM,

Consul-General of Sweden.

The Right Honourable
The Secretary of State
for External Affairs,
Ottawa.

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