

DOMINION OF CANADA

TREATY SERIES, 1929

No. 11

EXCHANGE OF NOTES

(September 23, 1929)

recording an Agreement

BETWEEN

CANADA AND THE NETHERLANDS

providing for the

RECIPROCAL EXEMPTION FROM INCOME TAX
OF EARNINGS

DERIVED FROM THE OPERATION OF SHIPS



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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to be effective in respect of the income of fiscal periods ending in the year 1929 and each year thereafter until rescinded by either party giving to the other notice one year in advance of the fiscal periods effected, or until otherwise rescinded by the repeal of the income tax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.

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

OTTAWA, 23 September, 1929.

No. 3206.

Mynheer de Secretaris van Staat,

Vermits het de wensch onzer Regeeringen is, eene overeenkomst te sluiten tot wederzydsche vrystelling van belastingen naar de inkomsten in zekere gevallen, waarby winsten voortvloeien uit het scheepvaartbedryf, heb ik de eer, U mede te deelen, dat de Regeering van Hare Majesteit de Koningin der Nederlanden zich vereenigt met de volgende overeenkomst:

1. Net betrekking tot Nederland verklaart de Nederlandsche Regeering dat overeenkomstig de wetten van Nederland betreffende de belastingen naar het inkomen (Wet op de inkomstenbelasting van 19 December 1914, Staatsblad No. 563, wet op de verdedigingsbelasting II van 28 December 1926, Staatsblad No. 430) de inkomsten verkregen met de exploitatie van schepen die het eigendom zyn of gebezigd worden door personen of lichamen, wonende of gevestigd in Canada, zullen zyn vrygesteld van belasting, en dat overeenkomstig de wetten van Nederland betreffende de dividend-en tantiémbelasting (Wet op de dividend- en tantiémbelasting van 11 Januari 1918, Staatsblad No. 4) de voordelen verkregen met de exploitatie van schepen die het eigendom zyn van of gebezigd worden door lichamen gevestigd in Canada, op gelyke wyze zullen zyn vrygesteld van belasting.

2. Met betrekking tot de Dominion Canada verklaart de Canadeesche Regeering, dat overeenkomstig de bepalingen van de wet op de inkomstenbelasting 1917 (oorlogsbelasting) Hoofdstuk 97 van de Canadeesche wetten van 1917, zooals deze gewyzigd is, de inkomsten verkregen met de exploitatie van schepen die het eigendom zyn van of gebezigd worden door personen of lichamen wonende of gevestigd in Nederland niet aan belasting zullen worden onderworpen.

3. Het is wel te verstaan, dat de uitdrukking "exploitatie van schepen" beteekent het bedryf uitgeoefend door een eigenaar van schepen en dat by de toepassing van deze omschryving, de uitdrukking "eigenaar" iederen bevrachter omvat.

4. Er is overeengekomen, dat de vrystelling van belasting van de inkomsten, verkregen met de exploitatie van de vorenbedoelde schepen, geacht worden te werken met betrekking tot de inkomsten van belastingjaren, eindigende in het jaar 1929 en in ieder jaar daarna, tenzy zy herroepen is door een der partijen die daarvan aan de andere zal moeten kennisgeven een jaar voor den aanvang van het betreffend belastingjaar of tenzy zy op andere wyze is herroepen door de intrekking van de wetten op de belastingen naar de inkomsten in een van beide landen.

5. Verder is overeengekomen, dat belastingen, die door personen of lichamen, wonende of gevestigd op het gebied van de andere party betaald zyn mede dan een jaar voor de dagtekening van deze overeenkomst niet zullen worden terugbetaald.

Ik heb de eer te zyn, Mynheer de Secretaris van Staat,

de Consul Generaal der Nederlanden

J. A. SCHURMAN.

Den Heere Secretaris van Staat
voor Buitenlandsche Zaken,
Ottawa.



(Translation)

OTTAWA, 23rd September, 1929.

No. 3206.

Mr. SECRETARY OF STATE:

Inasmuch as it is the desire of our Governments to conclude an agreement for the mutual exemption of taxes on the revenue in some cases where profits accrue from the shipping business, I have the honour to inform you that the Government of Her Majesty, the Queen of the Netherlands, concurs in the following agreement:—

1. With respect to the Netherlands the Netherlands Government declares: that in accordance with the provisions of the Acts of the Netherlands governing the income (Act governing the income tax of the 19th of December, 1914, *Official Gazette*, No. 563, Act governing the defence tax II of the 28th of December, 1926, *Official Gazette* No. 430), the revenue accruing from the exploitation of vessels the property of, or used by persons or bodies, residing, or domiciled in Canada, shall be exempt from taxes, and that in accordance with the Netherlands Act governing the tax on dividends and percentages (Act governing the tax on dividends and percentages of the 11th of January, 1918, *Official Gazette* No. 4) the profits accruing from the exploitation of vessels, the property of or used by bodies domiciled in Canada, likewise shall be exempt from duty.
2. With respect to the Dominion of Canada, the Dominion Government declares that in accordance with the provisions of the Act governing the income tax of the year 1917 (war tax) Chapter 97 of the Canadian Acts of the year 1927 as amended, the revenue accruing from the exploitation of vessels, the property of, or used by persons or bodies residing, or domiciled in the Netherlands, shall be exempt from taxes.
3. It must be understood that by the expression "exploitation of vessels" is meant the business carried on by an owner of vessels and that in the application of this interpretation, the expression "owner" includes every freighter.
4. It has been agreed that the exemption from the tax on revenue accruing from the exploitation of the aforementioned vessels shall be considered to apply to the revenues of fiscal years ending with the year 1929, and of every subsequent year unless it is revoked by one of the parties who is required to give notice thereof to the other one year prior to the commencement of the respective fiscal year, or unless it is revoked in another manner by the repeal of the Acts governing the taxes on the revenues in either of the two countries.
5. It has further been agreed that taxes, paid by persons, or bodies residing or domiciled in the territory of the other party, more than a year prior to the date of the present agreement, will not be repaid.

Your obedient servant,

J. A. SCHURMAN,
Consul General for the Netherlands.

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

