

DOMINION OF CANADA

TREATY SERIES, 1929

No. 10

EXCHANGE OF NOTES

(September 21, 1929)

recording an Agreement

BETWEEN

CANADA AND JAPAN

providing for the

RECIPROCAL EXEMPTION FROM INCOME TAX
OF EARNINGS
DERIVED FROM THE OPERATION OF SHIPS



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

JAPANESE LEGATION,

OTTAWA.

September 21, 1929.

SIR,—

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, entertaining 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 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 Ordinance relating thereto, upon condition of reciprocity, to exempt from 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 port of 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 corporate body, whether Canadian or other, whose principal office or 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 be accorded to all incomes and net profits which arise from the business of shipping carried on by an individual or a corporate body, Canadian or other, resident in the Dominion of Canada but not in Japan 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 Japan. It is understood that the aforesaid exemption shall be applied to such incomes and net profits, 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 "Japan" and "the Dominion of Canada" 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 Japan because of any revision or repeal of the Laws and Ordinances concerned, the said exemption shall immediately cease to have effect.

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

YOSHIO IWATE,
Chargé d'Affaires of Japan.

The Right Honourable W. L. Mackenzie King, C.M.G.,
Secretary of State for External Affairs,
Ottawa.



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.