

N° 2196.

CANADA ET JAPON

Echange de notes comportant un accord relatif à l'exemption de l'impôt sur le revenu en ce qui concerne les bénéfices réalisés dans les affaires d'armement maritime. Ottawa, le 21 septembre 1929.

CANADA AND JAPAN

Exchange of Notes constituting an Agreement for the Exemption from Income Tax of Profits accruing from the Business of Shipping. Ottawa, September 21, 1929.

No. 2196. — EXCHANGE OF NOTES BETWEEN THE CANADIAN AND JAPANESE GOVERNMENTS CONSTITUTING AN AGREEMENT FOR THE EXEMPTION FROM INCOME TAX OF PROFITS ACCRUING FROM THE BUSINESS OF SHIPPING. OTTAWA, SEPTEMBER 21, 1929.

Texte officiel anglais communiqué par le " Advisory Officer " du Canada auprès de la Société des Nations. L'enregistrement de cet échange de notes a eu lieu le 13 novembre 1929.

I.

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 conformance 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, by an individual, whether 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 12 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.

¹ TRADUCTION. — TRANSLATION.

N^o 2196. — ÉCHANGE DE NOTES ENTRE LES GOUVERNEMENTS CANADIEN ET JAPONAIS COMPORTANT UN ACCORD RELATIF A L'EXEMPTION DE L'IMPOT SUR LE REVENU EN CE QUI CONCERNE LES BÉNÉFICES RÉALISÉS DANS LES AFFAIRES D'ARMEMENT MARITIME. OTTAWA, LE 21 SEPTEMBRE 1929.

*English official text communicated by the Canadian Advisory Officer accredited to the League of Nations.
The registration of this Exchange of Notes took place November 13, 1929.*

I.

LÉGATION DU JAPON.

OTTAWA, le 21 septembre 1929.

MONSIEUR LE SECRÉTAIRE D'ÉTAT,

Comme suite à la correspondance que nous avons échangée précédemment au sujet de l'exemption réciproque entre le Japon et le Dominion du Canada, de l'impôt sur le revenu pour les bénéfices provenant de l'exploitation de navires, le Gouvernement du Japon, croyant que les lois et les décrets japonais concernant l'exemption réciproque de l'impôt sur le revenu sont identiques, sous certains rapports, avec les lois et règlements du Dominion du Canada, m'a chargé de porter ce qui suit à votre connaissance :

1^o Le Gouvernement japonais déclare qu'il prendra les mesures nécessaires en se conformant à la Loi N^o 6 de 1924, telle que modifiée par la Loi N^o 6, de 1928, et le décret y relatif et sous condition de réciprocité, pour exempter de l'impôt sur le revenu et de l'impôt sur les profits d'affaires, au Japon, tout revenu et tout bénéfice net provenant des opérations d'armement maritime effectuées au moyen de navires dont le port d'attache est dans le Dominion du Canada, soit par un particulier de nationalité canadienne ou autre domicilié dans le Dominion du Canada et non au Japon, soit par une société de nationalité canadienne ou autre, dont le siège principal ou le centre d'administration et de direction effectives se trouve dans le Dominion du Canada et non au Japon. Le Gouvernement japonais déclare, en outre, que la même exemption sera concédée pour tout revenu et tout bénéfice net provenant des opérations d'armement maritime effectuées par un particulier ou par une société de nationalité canadienne ou autre domiciliés dans le Dominion du Canada et non au Japon, au moyen de navires dont le port d'attache se trouve dans un tiers pays, à condition que ledit pays consente à exempter réciproquement de l'impôt sur le revenu tout revenu et tout bénéfice net provenant des opérations d'armement maritime effectuées au moyen de navires dont le port d'attache est au Japon. Il est entendu que la susdite exemption s'appliquera à ceux des bénéfices spécifiés ci-dessus qui ont été réalisés ou qui le seront à partir du 12 mai 1928 inclus.

2^o Il est entendu que les termes « Japon » et « Dominion du Canada » englobent tous les territoires gouvernés par chacun de ces deux pays.

¹ Traduction communiquée par le Gouvernement canadien.

¹ Translation communicated by the Canadian Government.

(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.

(Signed) Yoshio IWATE.
Chargé d'Affaires of Japan.

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

Certified to be a true copy of the original :

W. H. Walker,
*Acting Under-Secretary of State
for External Affairs.*

II.

OTTAWA, *September 21, 1929.*

SIR,

Acknowledging the receipt of your note dated 21 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 income, prescribed in the foregoing provisions, as have accrued or will accrue on and after the 12 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 as 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.

For Secretary of State for External Affairs :
(Signed) O. D. SKELTON.

Mr. Yoshio Iwate,
Chargé d'Affaires,
Japanese Legation,
Ottawa.

Certified to be a true copy of the original :

W. H. Walker,
*Acting Under-Secretary of State
for External Affairs.*