

No. 4036

**UNITED STATES OF AMERICA
and
HONDURAS**

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Washington, on 25 June 1956

Exchange of notes concerning the correction in the Spanish text of paragraph 4 of article X of the above-mentioned Convention. Tegucigalpa, 6 February 1957

Official texts: English and Spanish.

Registered by the United States of America on 25 October 1957.

**ÉTATS-UNIS D'AMÉRIQUE
et
HONDURAS**

Convention tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu. Signée à Washington, le 25 juin 1956

Échange de notes concernant la correction, dans le texte espagnol, du paragraphe 4 de l'article X de la Convention susmentionnée. Tegucigalpa, 6 février 1957

Textes officiels anglais et espagnol.

Enregistrés par les États-Unis d'Amérique le 25 octobre 1957.

No. 4036. CONVENTION¹ BETWEEN THE UNITED STATES OF AMERICA AND THE REPUBLIC OF HONDURAS FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME. SIGNED AT WASHINGTON, ON 25 JUNE 1956

The President of the United States of America and the Supreme Chief of State of the Republic of Honduras, desiring to conclude a convention for the avoidance of double taxation with respect to taxes on income, have appointed for that purpose as their Plenipotentiaries :

The President of the United States of America :

John Foster Dulles, Secretary of State of the United States of America, and

The Supreme Chief of State of the Republic of Honduras :

Carlos Izaguirre, Ambassador Extraordinary and Plenipotentiary of the Republic of Honduras in Washington,

who, having communicated to one another their full powers, found in good and due form, have agreed as follows :

Article I

(1) The taxes referred to in this Convention are :

(a) In the case of the United States of America :

The Federal income taxes, including surtaxes.

(b) In the case of Honduras :

The income tax.

(2) The present Convention shall also apply to any other taxes of a substantially similar character imposed by either contracting State subsequent to the date of signature of the present Convention.

Article II

(1) As used in this Convention :

(a) The term "United States" means the United States of America, and when used in a geographical sense includes only the States, the Territories of Alaska and Hawaii and the District of Columbia.

¹ Came into force on 1 January 1957, in accordance with article XXI (1), the exchange of the instruments of ratification having taken place at Tegucigalpa on 6 February 1957.

(b) The term "Honduras" means the Republic of Honduras and when used in a geographical sense means the territory of the Republic of Honduras.

(c) The expression "permanent establishment" means a branch, office, factory, plantation, mine, railroad, warehouse and other fixed place of business, but does not include the casual or temporary use of mere storage facilities, nor does it include an agent unless the agent has and habitually exercises a general authority to negotiate and conclude contracts on behalf of the enterprise. An enterprise of one of the contracting States shall not be deemed to have a permanent establishment in the other State merely because it carries on business dealings in such other State through a *bona fide* broker, commission agent or custodian who acts as such in the ordinary course of his business. The fact that an enterprise of one of the contracting States maintains in the other contracting State a fixed place of business exclusively for the purchase by such enterprise of goods or merchandise shall not of itself constitute such fixed place of business a permanent establishment of such enterprise. The fact that a corporation of one of the contracting States has a subsidiary corporation which is a corporation of the other contracting State or which is engaged in trade or business in the other contracting State shall not of itself constitute that subsidiary corporation a permanent establishment of its parent corporation.

(d) The expression "enterprise of one of the contracting States" means, as the case may be, "United States enterprise" or "Honduran enterprise".

(e) The term "enterprise" includes any type of enterprise whether carried on by an individual (in his individual capacity or as a member of a partnership), by a corporation, or by any other entity.

(f) The term "United States enterprise" means an industrial or commercial or agricultural enterprise or undertaking carried on by a resident of the United States (including an individual in his individual capacity or as a member of a partnership) or a fiduciary of the United States or by a United States corporation or other entity; the term "United States corporation or other entity" means a corporation or other entity created or organized in the United States or under the laws of the United States or of any State or Territory of the United States.

(g) The term "Honduran enterprise" means an industrial or commercial or agricultural enterprise or undertaking carried on by a resident of Honduras (including an individual in his individual capacity or as a member of a partnership) or a fiduciary of Honduras or by a Honduran corporation or other entity; the term "Honduran corporation or other entity" means a corporation or other entity formed or organized in Honduras or under the laws of Honduras.

(h) The term "industrial or commercial or agricultural profits" includes manufacturing, mercantile, agricultural, mining, financial and insurance profits, but does not include income in the form of dividends, interest, rents or royalties, or remuneration for personal services: Provided, however, that such excepted items of income shall, subject to the provisions of this Convention, be taxed

separately or together with industrial or commercial or agricultural profits in accordance with the laws of the contracting States.

(i) An individual temporarily present within one of the contracting States solely for one of the purposes specified in Article XIII or XV, shall not be considered a resident of such State merely because of such presence therein.

(j) The expression "competent authorities" means, in the case of the United States, the Secretary of the Treasury or his delegate and, in the case of Honduras, the Secretary of Economics and Finance or his delegate.

(k) For the purposes of Article XI and Article XIII, the term "United States dollars" shall be deemed to include the equivalent sum in lempiras as computed at the rate of exchange in effect at the time the money is paid.

(2) For purposes of application of the provisions of the present Convention by one of the contracting States, any term not otherwise defined shall, unless the context otherwise requires, have the meaning which such term has under the laws of such State relating to the taxes which are the subject of the present Convention.

Article III

(1) An enterprise of one of the contracting States shall not be subject to the tax of the other contracting State in respect of its industrial or commercial or agricultural profits unless it has a permanent establishment situated in such other State. If it has such permanent establishment such other State may impose its tax upon the entire income of such enterprise from sources within such other State.

(2) In determining the industrial or commercial or agricultural profits of a permanent establishment there shall be allowed as deductions all expenses wherever incurred, reasonably allocable to such permanent establishment, including executive and general administrative expenses so allocable to the reasonable satisfaction of the competent authorities of the State in which the permanent establishment is situated.

Article IV

Where an enterprise of one of the contracting States, by reason of its participation in the management or the financial structure of an enterprise of the other contracting State, makes with or imposes on the latter enterprise, in their commercial or financial relations, conditions different from those which would be made with an independent enterprise, any profits which would normally have been allocable to one of the enterprises, but by reason of such conditions have not been so allocated, may be included in the profits of such enterprise and taxed accordingly.

Article V

(1) Where an enterprise of one of the contracting States has a permanent establishment situated in the other contracting State, there shall be attributed to such permanent establishment the industrial or commercial or agricultural profits which it might be expected to derive if it were an independent enterprise engaged in the same or similar activities under the same or similar conditions and dealing on an independent basis with the enterprise of which it is a permanent establishment.

(2) If need be, the competent authorities of the State collecting the tax may, in order to implement Articles III, IV and V (1), rectify the tax return submitted, especially in order to correct errors and omissions or to establish the prices or compensations entered in the books and compare them with the prices which would prevail between independent persons prompted by their respective interests.

- (3) (a) If an establishment does not submit books showing its own operations or
(b) if the books submitted are not consistent with the commercial practices customary in the contracting State where such establishment is situated, or
(c) if the rectifications provided for in this Article cannot be made, the competent authorities of the State collecting the tax may determine the net industrial, agricultural or commercial profit by applying equitable and reasonable methods or formulas to the operations of such establishment.

(4) The competent authorities of both contracting States may, consistent with other provisions of the present Convention, arrange details for the apportionment of industrial or commercial or agricultural profits.

Article VI

Profits derived by an enterprise of one of the contracting States from the operation of ships or aircraft or from the operation of motor vehicles for hire between the United States and Honduras by way of the Inter-American Highway, shall be exempt from tax by the other contracting State, if such ships, aircraft or motor vehicles are registered under the laws of the former State.

Article VII

(1) Dividends and interest paid by a corporation organized under the laws of Honduras shall be exempt from United States tax except where the recipient is a citizen or resident or corporation of the United States.

(2) Dividends and interest paid by a corporation organized under the laws of the United States shall be exempt from Honduran tax except where the recipient is a resident or corporation of Honduras.

Article VIII

Royalties and other amounts from sources within one of the contracting States received, as consideration for the use of, or for the privilege of using, copyrights, patents, designs, secret processes and formulae, trademarks and other like property (including rentals from motion picture films), by a resident, corporation or other entity of the other contracting State not having a permanent establishment within the former State at any time during the taxable year in which such royalties or other amounts are received, shall be exempt from tax by such former State.

Article IX

Interest on bonds, securities, notes or on any other form of indebtedness from sources within one of the contracting States received by a resident, corporation or other entity of the other contracting State not having a permanent establishment within the former State at any time during the taxable year in which such interest is received, shall be exempt from tax by such former State.

Article X

(1) (a) Salaries, wages, and similar compensation and pensions paid by the United States or by any of the political subdivisions thereof to a citizen of the United States for services rendered to the United States or to any of its political subdivisions, in the discharge of governmental functions, shall be exempt from tax by Honduras.

(b) Salaries, wages and similar compensation and pensions paid by Honduras or by any of the political subdivisions thereof to a citizen of Honduras (other than an individual who has immigrant status in the United States) for services rendered to Honduras or to any of its political subdivisions, in the discharge of governmental functions, shall be exempt from tax by the United States.

(c) For the purposes of paragraph (1) of this Article the term "pensions" shall be deemed to include annuities paid to a retired civilian government employee.

(2) (a) Private pensions and annuities from sources within one of the contracting States paid to individuals who reside in the other contracting State shall be exempt from tax by the former State.

(b) Public pensions and annuities (whether representing employee or employer contributions or accretions thereto) from sources within one of the

contracting States paid to individuals who reside in the other contracting State shall be exempt from tax by the former State to the extent that such payments are allocable to services the remuneration for which was exempt from tax by the former State.

(3) The term "pensions", as used in this Article, means periodic payments made in consideration for services rendered or by way of compensation for injuries received.

(4) The term "annuities", as used in this Article, means a fixed sum payable periodically at stated times during life, or during a specified number of years, under an obligation to make the payments in return for adequate and full consideration in money or money's worth.

Article XI

(1) A resident of Honduras who is present in the United States for a period or periods aggregating not more than 180 days within a taxable year shall be exempt from tax by the United States with respect to such year on that part of his compensation for personal services

(a) not exceeding 10,000 United States dollars, if such services are performed as an employee of a resident, corporation or other entity of Honduras, or for or on behalf of a permanent establishment situated in Honduras of an enterprise of the United States, or

(b) not exceeding 5,000 United States dollars for personal services in any case not within the scope of (a).

(2) The provisions of paragraph (1) shall apply, *mutatis mutandis*, to a resident of the United States with respect to compensation for personal services performed in Honduras.

Article XII

A resident or corporation or other entity of one of the contracting States deriving

(a) income from real property (including gains derived from the sale or exchange of such property, but not including interest from mortgages or bonds secured by real property), or

(b) royalties in respect of the operation of mines, quarries or other natural resources

situated within the other contracting State may elect, for any taxable year, to be subject to the tax of such other State on a net basis as if such resident or corporation or other entity had a permanent establishment in such other State during such taxable year.

Article XIII

(1) A resident of one of the contracting States who is temporarily present in the other contracting State solely

- (a) as a student at a recognized university, college or school in such other State, or
- (b) as the recipient of a grant, allowance or award from a religious, charitable, scientific or educational organization of the former State
- shall be exempt from tax by such other State (i) on all remittances from abroad, other than compensation for personal services, and (ii) with respect to an amount not in excess of 5,000 United States dollars for any taxable year, on remittances representing compensation for personal services.

(2) A resident of one of the contracting States who is temporarily present in the other contracting State for a period not exceeding one year, as an employee of, or under contract with, an enterprise of the former State or an organization referred to in paragraph (1) solely to acquire technical, professional or business experience from a person other than such enterprise or organization, shall be exempt from tax by such other State on compensation paid by such enterprise or organization for such period in an amount not in excess of 5,000 United States dollars.

(3) A resident of one of the contracting States temporarily present in the other contracting State under the auspices of such other State or of any agency or instrumentality thereof solely for the purpose of training, study or orientation shall be exempt from tax by such other State with respect to compensation not exceeding 10,000 United States dollars for the rendition of services directly related to such training, study or orientation (including emoluments and remuneration, if any, from the employer abroad of such resident).

Article XIV

(1) Organizations organized under the laws of Honduras and operated exclusively for religious, charitable, scientific, literary or educational purposes shall, to the extent and subject to the conditions provided in the United States Internal Revenue Code as in effect at the date of the signature of the present Convention, be exempt from tax of the United States.

(2) Organizations organized under the laws of the United States and operated exclusively for religious, charitable, scientific, literary or educational purposes shall, to the extent and subject to the conditions provided in the tax laws of Honduras as in effect at the date of the signature of the present Convention, be exempt from the tax of Honduras.

(3) In computing the tax liability of any taxpayer for any taxable year by one of the contracting States, there shall be treated as a charitable contribution any contribution made by such taxpayer to a religious, charitable, scientific, literary or educational organization created under the laws of the other State if (A) contributions to such organizations would qualify for deduction under the laws of the former State had such organization been created under the laws of

such former State or political subdivisions thereof, and (B) contributions to such organizations would qualify for deductions under the laws of such other State. However, the amount to be treated as a charitable contribution under the preceding sentence shall in no case exceed the amount which would have been allowed as a deduction had the income from sources within such other State constituted the entire income of the taxpayer for the taxable year.

Article XV

A resident of one of the contracting States, who, in accordance with agreements between the Governments of the contracting States or between educational establishments in the contracting States for the exchange of professors and teachers, or at the invitation of the Government of the other contracting State or of an educational establishment in such other State, temporarily visits such other State for the purpose of teaching for a period not exceeding two years at a university, college, school or other educational institution in such other State, shall be exempt from the tax of such other State on his remuneration for such teaching for such period.

Article XVI

(1) It is agreed that double taxation shall be avoided in the following manner:

(a) The United States, in determining the tax of its citizens, residents or corporations or other entities may, regardless of any other provision of the present Convention, include in the basis upon which such tax is imposed all items of income taxable under the revenue laws of the United States as if the present Convention had not come into effect. The United States shall, however, subject to the provisions of sections 901 to 905, inclusive, of the Internal Revenue Code of 1954 (as in effect on the date of signature of the present Convention) deduct from its tax the amount of the tax of Honduras. For this purpose, the compensation received by a citizen or resident of the United States for services aboard ships flying the Honduran flag while on the high seas shall be deemed to be income from sources within Honduras.

(b) Honduras, in determining the tax of its citizens, residents or corporations or other entities may, regardless of any other provision of the present Convention, include in the basis upon which such tax is imposed all items of income taxable under the tax laws of Honduras as if the present Convention had not come into effect. Honduras shall, however, in accordance with regulations to be adopted to bring this paragraph into effect, deduct from its tax so calculated the amount of the tax of the United States upon income from sources within the United States and included for the taxes of both contracting States, but in an amount

not exceeding that proportion of the tax of Honduras which such income bears to the entire income subject to the tax of Honduras.

(2) For the purposes of this Article a Honduran corporation shall not be deemed to be a resident of the United States even though that corporation is engaged in trade or business within the United States.

(3) The provisions of this Article shall not be construed to deny the benefits conferred by Article X (1), by Article XIV (3), by the last sentence of Article XVI (1) (a), and by Article XX (7).

Article XVII

For the purpose of the present Convention :

(a) Dividends paid by a corporation of one of the contracting States shall be treated as income from sources within such State.

(b) Interest paid by one of the contracting States including any local Government thereof or by an enterprise of one of the contracting States not having a permanent establishment in the other contracting State shall be treated as income from sources within the former State.

(c) Gains, profits and income derived from the purchase and sale of personal property shall be treated as derived from the country in which such property is sold.

(d) Gains, profits and income derived from the sale by a taxpayer in one of the contracting States of goods produced in the other contracting State in whole or in part by such taxpayer shall be treated as derived in part from the country in which manufactured and in part from the country in which sold. When goods are produced in one of the contracting States and sold in such State the entire profit from such production and sale will be considered as derived from such State.

(e) Income from real property (including gains derived from the sale or exchange of such property, but not including interest from mortgages or bonds secured by real property) and royalties in respect of the operation of mines, quarries, or other natural resources shall be treated as income derived from the country in which such real property, mines, quarries or other natural resources are situated.

(f) Compensation for labor or personal services (including the practice of liberal professions) shall be treated as income from sources within the country where are rendered the services for which such compensation is paid.

(g) Royalties for using, or for the right to use, in one of the contracting States, patents, copyrights, designs, trademarks and like property shall be treated as income from sources within such State.

Article XVIII

(1) The competent authorities of both contracting States shall exchange such information available under the respective tax laws of both contracting States as is necessary for carrying out the provisions of the present Convention or for the prevention of fraud or for the administration of statutory provisions against tax avoidance in relation to the tax. Any information so exchanged shall be treated as secret and shall not be disclosed to any person other than those, including a court, concerned with the assessment and collection of the tax or the determination of appeals in relation thereto. No information shall be exchanged which would disclose any trade, business, industrial or professional secret or any trade process.

(2) Each of the contracting States may collect the tax imposed by the other contracting State (as though such tax were the tax of the former State) as will ensure that the exemptions, reduced rates of tax or any other benefit granted under the present Convention by such other State shall not be enjoyed by persons not entitled to such benefits.

Article XIX

Where a taxpayer shows proof that the action of the tax authorities of either contracting State has resulted, or will result, in double taxation contrary to the provisions of the present Convention, he shall be entitled to present the facts to the competent authorities of the contracting State of which he is a national or a resident, or, if the taxpayer is a corporation or other entity, to those of the contracting State under the laws of which it is created or organized. Should the taxpayer's claim be deemed worthy of consideration, the competent authorities of such State to which the facts are so presented shall undertake to come to an agreement with the competent authorities of the other contracting State with a view to equitable avoidance of the double taxation in question.

Article XX

(1) The provisions of the present Convention shall not be construed to deny or affect in any manner the rights of diplomatic and consular officers to other or additional exemptions now enjoyed or which may hereafter be granted to such officers.

(2) The provisions of the present Convention shall not be construed to restrict in any manner any exemption, deduction, credit or other allowance now or hereafter accorded by the laws of one of the contracting States in determining the tax of such State.

(3) Should any difficulty or doubt arise as to the interpretation or application of the present Convention, or its relationship to Conventions between one

of the contracting States and any other State, the competent authorities of the contracting States may settle the question by mutual agreement; it being understood, however, that this provision shall not be construed to preclude the contracting States from settling by negotiation any dispute arising under the present Convention.

(4) The competent authorities of both contracting States may prescribe regulations necessary to interpret and carry out the provisions of the present Convention and may communicate with each other directly for the purpose of giving effect to the provisions of the present Convention.

(5) The citizens or nationals of one of the contracting States shall not, while resident in the other contracting State, be subjected therein to other or more burdensome taxes than are the citizens or nationals of such other contracting State residing in its territory. The term "citizens" or "nationals", as used in this paragraph, includes all legal persons, partnerships and associations deriving their status from, or created or organized under, the laws in force in the respective contracting States. In this paragraph the word "taxes" means taxes of every kind or description whether national, state, provincial or municipal.

(6) The present Convention has been concluded with reference to United States and Honduran law in force on the date of signature of the present Convention. If such laws are appreciably modified, the competent authorities of the two contracting States will consult together.

(7) A citizen or national of one of the contracting States shall not, while residing within the other contracting State, be subject by the former State to other or more burdensome taxation than would have been imposed had he been resident during such period in such former State.

Article XXI

(1) The present Convention shall be ratified and the instruments of ratification shall be exchanged at Tegucigalpa as soon as possible. It shall have effect on and after the first day of January of the year in which such exchange takes place.

(2) The present Convention shall continue effective for a period of five years beginning with the calendar year in which the exchange of the instruments of ratification takes place and indefinitely after that period, but may be terminated by either of the contracting States at the end of the five-year period or at any time thereafter, provided that at least six months' prior notice of termination has been given and, in such event, the present Convention shall cease to be

effective for the taxable years beginning on or after the first day of January next following the expiration of the six-month period.

DONE at Washington, in duplicate, in the English and Spanish languages, each text having equal authenticity, this 25th day of June, 1956.

For the United States of America :
John Foster DULLES
[SEAL]

For the Republic of Honduras :
Carlos IZAGUIRRE
[SEAL]

EXCHANGE OF NOTES CONCERNING THE CORRECTION
IN THE SPANISH TEXT OF PARAGRAPH 4 OF ARTICLE
X OF THE CONVENTION OF 25 JUNE 1956¹ BETWEEN
THE UNITED STATES OF AMERICA AND THE RE-
PUBLIC OF HONDURAS FOR THE AVOIDANCE OF
DOUBLE TAXATION AND THE PREVENTION OF
FISCAL EVASION WITH RESPECT TO TAXES ON IN-
COME. TEGUCIGALPA, 6 FEBRUARY 1957

I

The Honduran Minister for Foreign Affairs to the American Ambassador

[SPANISH TEXT — TEXTE ESPAGNOL]

SECRETARÍA DE RELACIONES EXTERIORES DE LA REPÚBLICA DE HONDURAS

Sección de Tratados Internacionales

No. 9895-J. M. G.

Año de D. Juan Lindo (1857-1957)

Tegucigalpa, D. C., 6 de febrero de 1957

Excelencia :

Tengo el honor de referirme al Convenio firmado entre la República de Honduras y los Estados Unidos para evitar la doble tributación y prevenir la evasión fiscal con respecto al Impuesto Sobre la Renta, firmado en Washington, U. S. A., el 25 de junio de 1956, y entrado en vigor el día de hoy, mediante el intercambio de Instrumentos de Ratificación.

Con referencia especial al párrafo (4) del Art. X del Convenio, ha de notarse que en el texto español del mismo, así firmado, aparecen las palabras « bajo la obligación de hacer los pagos conforme a la obligación de efectuar los pagos », etc., que constituyen, por consiguiente, una repetición de la misma idea en diferentes palabras. Es entendido que, poco antes de haber terminado los arreglos para la firma del citado Convenio, se convino en que la fraseología alternativa « conforme a la obligación de efectuar los pagos » debía substituir a la de « bajo la obligación de hacer los pagos » pero, por un descuido, ambas cláusulas fueron incluidas en el texto de la firma. A pesar de que las disposiciones del Art. X (4) no son afectadas en cuanto se refiere a aplicación esencial, se considera conveniente dejar constancia de que las palabras « bajo la obligación de hacer los pagos » son superfluas y que el Art. X párrafo (4) debe leerse como si no contuviera las mismas.

¹ See p. 114 of this volume.

Se agradecería a Vuestra Excelencia si confirmara que su Ilustre Gobierno concuerda con el parecer del mío en este respecto.

Sírvase aceptar, Excelencia, las seguridades de mi más alta y distinguida consideración.

Jorge Fidel DURÓN

Excmo. Sr. Whiting Willauer
Embajador Extraordinario y Plenipotenciario
de los Estados Unidos de América
Ciudad

[TRANSLATION¹ — TRADUCTION²]

DEPARTMENT OF FOREIGN RELATIONS OF THE REPUBLIC OF HONDURAS

International Treaty Section

No. 9895-J. M. G.
Year of Juan Lindo (1857-1957)

Tegucigalpa, D.C., February 6, 1957

Excellency :

I have the honor to refer to the Convention concluded between the Republic of Honduras and the United States for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, signed at Washington, D.C., U. S. A., on June 25, 1956³ and brought into force today by the exchange of instruments of ratification.

[See note II]

It would be appreciated if Your Excellency would confirm that your Government concurs in the opinion of my Government with respect to this matter.

Accept, Excellency, the assurances of my highest and most distinguished consideration.

Jorge Fidel DURÓN

His Excellency Whiting Willauer
Ambassador Extraordinary and Plenipotentiary
of the United States of America
City

¹ Translation by the Government of the United States of America.

² Traduction du Gouvernement des États-Unis d'Amérique.

³ See p. 114 of this volume.

II

The American Ambassador to the Honduran Minister for Foreign Affairs

No. 129

Tegucigalpa, D.C., February 6, 1957

Excellency :

I have the honor to acknowledge the receipt of Your Excellency's note of this date in which you refer to the convention between the United States of America and the Republic of Honduras, for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, signed on June 25, 1956, and brought into force today by the exchange of instruments of ratification.

The second paragraph of your note reads as follows in English translation :

"With particular reference to paragraph (4) of Article X of the Convention, it is to be noted that in the Spanish text thereof as signed there appear the words '*bajo la obligación de hacer los pagos conforme a la obligación de efectuar los pagos*' etcetera. There is, consequently, a repetition of the same idea in different words. It is understood that, shortly before arrangements were completed for the signing of the Convention, it was agreed that the alternative phraseology '*conforme a la obligación de efectuar los pagos*' should be used instead of '*bajo la obligación de hacer los pagos*'. Through inadvertence both clauses were included in the text for signature. Although the provisions of Article X (4) are not affected so far as substantive application is concerned, it is considered desirable that it be placed on record that the words '*bajo la obligación de hacer los pagos*' are superfluous and that Article X (4) should read as though it did not contain those words in the Spanish text."

The Government of the United States of America concurs in the understanding of the Government of Honduras as set forth above.

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

Whiting WILLAUER

His Excellency Dr. Jorge Fidel Durón
Minister for Foreign Affairs
Tegucigalpa, D.C.