

No. 4246

---

**UNITED STATES OF AMERICA  
and  
FRANCE**

**Convention supplementing the Conventions of 25 July 1939  
and 18 October 1946, relating to the avoidance of double  
taxation, as modified and supplemented by the Protocol  
of 17 May 1948. Signed at Washington, on 22 June 1956**

*Official texts: English and French.*

*Registered by the United States of America on 25 March 1958.*

---

**ÉTATS-UNIS D'AMÉRIQUE  
et  
FRANCE**

**Convention complétant les Conventions du 25 juillet 1939 et  
du 18 octobre 1946 tendant à éviter les doubles impo-  
sitions, modifiées et complétées par le Protocole du  
17 mai 1948. Signée à Washington, le 22 juin 1956**

*Textes officiels anglais et français.*

*Enregistrée par les États-Unis d'Amérique le 25 mars 1958.*

No. 4246. CONVENTION<sup>1</sup> BETWEEN THE UNITED STATES OF AMERICA AND THE FRENCH REPUBLIC SUPPLEMENTING THE CONVENTIONS OF 25 JULY 1939<sup>2</sup> AND 18 OCTOBER 1946,<sup>3</sup> RELATING TO THE AVOIDANCE OF DOUBLE TAXATION, AS MODIFIED AND SUPPLEMENTED BY THE PROTOCOL OF 17 MAY 1948.<sup>3</sup> SIGNED AT WASHINGTON, ON 22 JUNE 1956

---

The President of the United States of America and the President of the French Republic,

Desiring to modify and supplement the Conventions between the United States of America and France relating to the avoidance of double taxation, signed at Paris July 25, 1939<sup>2</sup> and October 18, 1946,<sup>3</sup> as modified and supplemented by the Protocol of May 17, 1948,<sup>3</sup>

Have designated for the purpose as their respective Plenipotentiaries :

The President of the United States of America :

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

The President of the French Republic :

Maurice Couve de Murville, Ambassador Extraordinary and Plenipotentiary of the French Republic at Washington,

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

*Article I*

The provisions of the Convention and Protocol between the United States and the French Republic signed at Paris on July 25, 1939 are hereby modified and supplemented as follows :

(a) By striking out Article 1 (a) and inserting in lieu thereof the following :

“(a) In the case of the United States : The Federal income taxes (including surtaxes and excess profits taxes) and the documentary taxes on sales or transfers of shares of certificates of stock or bonds.”

(b) By striking out Article 1 (b) and inserting in lieu thereof the following :

---

<sup>1</sup> Came into force on 13 June 1957, as of the date of the exchange of the instruments of ratification at Paris, in accordance with article III.

<sup>2</sup> United Nations, *Treaty Series*, Vol. 125, p. 259.

<sup>3</sup> United Nations, *Treaty Series*, Vol. 140, p. 23.

“(b) In the case of France : Income tax on the income of physical persons (proportional tax and progressive surtax), the tax on profits of companies and other legal entities, and the tax on Stock Exchange transactions.”

(c) By striking out in Article 5 the words “tax on industrial and commercial profits” and inserting in lieu thereof the words “proportional tax.”

(d) By adding immediately after Article 6 the following new Article :

“Article 6a

“Dividends and interest derived, on or after January 1, 1952, from sources within one of the contracting States by a resident or corporation or other entity of the other State, not having a permanent establishment in the former State, shall be subject to tax by such former State at a rate not in excess of 15 percent of the gross amount of such dividends or interest. Such reduced rate of tax shall not apply to dividends or interest paid prior to the calendar year in which are exchanged the instruments of ratification of the present Convention if, for the taxable year in which such dividends or interest is received, penalty for fraud with respect to the taxes which are the subject of the present Convention has been imposed against the recipient of such dividends or interest.”

(e) (1) By striking out Article 9 as rewritten by Article I (3) of the Protocol signed May 17, 1948, and inserting in lieu thereof the following :

“Article 9

“An individual who is a resident of one of the contracting States shall be exempt from tax by the other contracting State upon compensation for personal services (other than income from the exercise of a liberal profession) performed during the taxable year within such other contracting State if (a) he is present in such other contracting State for a period or periods aggregating not more than 183 days during the taxable year and (b) such services are performed for or on behalf of a resident, corporation or other entity of the former contracting State or for or on behalf of a permanent establishment, situated within such former State, of an enterprise of such other State.

“This provision does not apply to the income referred to in Article 8.”

(2) The preceding subparagraph shall have effect for taxable years beginning on and after the first day of January of the year following the exchange of the instruments of ratification of the present Convention.

(f) By adding immediately after Article 13 the following new article :

“Article 13a

“Any transaction in which an order for the purchase, sale or exchange of stocks, securities or commodities originates in one of the contracting States and is executed through a stock or commodities exchange in the other State

shall be exempt by the former State from stamp or like tax otherwise arising with respect to such transaction.”

(g) By striking out Article 14 B and inserting in lieu thereof the following :

“B.—concerning France :

“(a) *Proportional tax and tax on companies*

“Income from securities and trusts having its source in the United States shall be subject in France, on the gross amount thereof, to the proportional tax on income of physical persons as to income from personality ; but this tax shall be reduced by the amount of tax already paid to the United States on the same income.

“However, when said income is included in the receipts of a commercial, industrial or mining enterprise, it is, for the purposes of assessment of the tax applicable to the profits of these organizations, considered as having effectively sustained the proportional tax at the normal rate.

“Income from debts having its source in the United States shall be subject in France to the proportional tax or the tax on companies, as the case may be ; but the amount of the proportional tax or the tax on companies applicable thereto shall be reduced by the amount of tax already paid to the United States on the same income.

“Income other than that provided for in the preceding paragraphs shall not be subject in France to the proportional tax on income of physical persons or the tax on companies, as the case may be, when, pursuant to the Convention, they are taxable in the United States.

“(b) *Progressive surtax on income of natural persons*

“With regard to taxpayers domiciled in France within the meaning of French domestic legislation, the progressive surtax will be collected on income exclusively taxable in France under the provisions of the present Convention as well as on income from transferable securities referred to in Article 6A of the present Convention and in the preceding subparagraph (a) of this paragraph.

“However, it will be computed according to the effective rate determined by reference to the aggregate income of the taxpayer.

“Notwithstanding the provisions of the two preceding sentences, the provisions of paragraphs (1) and (2) of Article 164 of the General Tax Code prescribing the mode of taxation of foreigners domiciled or residing in France shall continue to be applied.”

(h) Article 15, as modified by Article 7 (a) of the supplementary Convention signed October 18, 1946, is further modified by striking out “In derogation of Article 3 of the Decree of December 6, 1872” and inserting in lieu thereof “In derogation of Article 109-2 of the General Code of Taxes.”

(i) By striking out Article 16 and inserting in lieu thereof the following :

“An American corporation shall not be subject to the proportional tax on the income from personalty by reason of participation in the management or the capital of a French company or because of any other relation with such company. In such a case the proportional tax on the income from personalty continues to be imposed in conformity with French law on dividends, interest and all other revenue distributed by the French company ; but it is moreover collectible, if the occasion arises, and subject to the measures of appeal applicable in the case of proportional tax with respect to the profits which the American corporation derives from the French company under the conditions prescribed in Article 5.”

#### *Article II*

(a) The provisions of the Convention and Protocol signed at Paris on July 25, 1939, of the Convention signed at Paris on October 18, 1946, of the supplementary Protocol signed at Paris on May 17, 1948, and of the present Convention, may be extended in their application, either in whole or in part with such modifications as may be deemed necessary, to all or any of the territories for whose international relations either of the contracting States is responsible and which impose taxes substantially similar in character to the taxes which are the subject of those Conventions and Protocols.

(b) Any extension as provided for in paragraph (a) of this Article shall be effected by an exchange of diplomatic notes between the contracting States which shall specify the territory or territories in respect of which the application of such provisions is extended and the conditions with respect thereto. Such provisions in whole or in part or with such modifications as may be deemed necessary, as specified in the notes exchanged for this purpose, shall apply to the territory or territories named in such notes on and after the date or dates specified therein.

(c) At any time after the expiration of a period of one year from the effective date of an extension made by virtue of paragraphs (a) and (b) of this Article, either of the contracting States may, by a written notice of termination given to the other contracting State through diplomatic channels, terminate the application of the provisions in respect of any territory to which such application has been extended, in which case the provisions shall cease to be applicable to such territory on and after the first day of January following the date of such notice ; provided, however, that this shall not affect the continued application of such provisions to the United States, to France, or to any other territory to which such provisions apply and which is not named in the notice of termination.

(d) When provisions of the Conventions and Protocols cease to apply between the United States and the French Republic, such provisions shall cease to apply in respect of any territory to which they are applicable pursuant to this Article, except to the extent expressly agreed otherwise by the contracting States.

(e) For the application of any of the provisions of the Conventions and Protocols to any territory to which extended pursuant to this Article, references to "United States" or "France", as the case may be, or to "the territory of one or the other of the contracting States", shall be construed to refer to the territory to which application of such provisions shall have been extended.

(f) This Article shall be deemed to supersede and replace Article 17 of the Convention signed at Paris on October 18, 1946.

### Article III

(a) The present Convention shall be ratified and the instruments of ratification shall be exchanged at Paris as soon as possible.

(b) Its provisions shall come into force and shall become effective as of the date of the exchange of the instruments of ratification subject both to the provisions of Article I (d) and (e) and to the provisions set forth herein below.

Article I (b) (c) (g) and (i), so far as they redesignate the French taxes on the income of natural persons and on the profits of juridical persons, and Article I (h) shall be considered retroactive to January 1, 1949.

Article I (f) shall apply to all taxes unpaid as of the date of the signing of the present Convention even if such taxes have been the subject of a final judicial decision.

(c) If refund of any overpayment resulting from the application of Article I (d) of the present Convention is prevented on the date of exchange of instruments of ratification or within two years from such date by the operation of any law, refund of such overpayment (without interest) shall nevertheless be made provided that claim for refund is filed within two years after the date of the exchange of instruments of ratification of the present Convention with the contracting State to which such overpayment was made.

(d) The present Convention shall remain effective so long as the Conventions signed July 25, 1939 and October 18, 1946, remain effective.

DONE at Washington, in duplicate, in the English and French languages, this 22nd day of June, 1956.

For the President of the United States of America :  
John Foster DULLES

[SEAL]

For the President of the French Republic :  
Maurice DE MURVILLE

[SEAL]