

No. 6235

**UNITED STATES OF AMERICA
and
COLOMBIA**

Exchange of notes constituting an agreement relating to relief from double taxation on earnings derived from the operation of ships and aircraft. Washington, 1 August 1961

Official text: English.

Registered by the United States of America on 13 July 1962.

**ÉTATS-UNIS D'AMÉRIQUE
et
COLOMBIE**

Échange de notes constituant un accord tendant à éviter la double imposition des bénéfices provenant de l'exploitation de navires ou d'aéronefs. Washington, 1^{er} août 1961

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 13 juillet 1962.

No. 6235. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND COLOMBIA RELATING TO RELIEF FROM DOUBLE TAXATION ON EARNINGS DERIVED FROM THE OPERATION OF SHIPS AND AIRCRAFT. WASHINGTON, 1 AUGUST 1961

I

The Secretary of State to the Colombian Ambassador

DEPARTMENT OF STATE
WASHINGTON

Aug 1, 1961

Excellency :

I have the honor to refer to conversations between representatives of the Government of the United States of America and representatives of the Government of Colombia relating to the possibility of concluding an agreement between the two Governments with a view to granting, on a reciprocal basis, relief from double taxation on earnings derived from the operation of ships and aircraft. The Government of the United States of America agrees as follows :

1. The Government of the United States of America, in accordance with Sections 872 (b) and 883 of the Internal Revenue Code of 1954 shall, on the basis of an equivalent exemption granted by the Government of Colombia, exclude from gross income and exempt from income tax all earnings derived,

(a) by a corporation organized in Colombia, or

(b) by a citizen of Colombia nonresident in the United States of America,

from the operation of a ship or ships documented, and from the operation of aircraft registered, under the laws of Colombia.

2. For the purposes of this agreement,

(a) the expressions "operation of a ship or ships" and "operation of aircraft" mean the business or enterprise, carried on by owners or charterers of a ship or ships, or of aircraft, as the case may be, of

¹ Came into force on 11 December 1961, the date on which the Government of Colombia notified the Government of the United States of America that the said Agreement had been approved by the Congress of Colombia, in accordance with the provisions of the said notes.

- (i) transporting persons, including the embarking and debarking of passengers, or
 - (ii) transporting articles, mails, and other cargo, including the loading and unloading thereof, or
 - (iii) both (i) and (ii)
- (b) the term "earnings" means income derived from the activities described in sub-paragraph (a) hereof, including the sale of tickets in the United States of America.

3. The exclusions and exemptions provided for in paragraph (1)

- (a) shall be accorded even though the corporation was resident in the United States of America by reason of engaging in trade or business therein at any time within the taxable year and even though the citizen was engaged in trade or business within the United States of America at any time within the taxable year, regardless of the activities constituting such trade or business ; in these cases the exemptions apply only to earnings as described in paragraph (2) ;
- (b) shall be applicable with respect to taxable years beginning on or after the first day of January 1961.

4. Either of the two Governments may terminate this agreement by giving to the other Government six months' prior notice of termination in writing, and in such event, the agreement 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.

The Government of the United States of America will consider this note, together with your note of reply confirming that the Government of Colombia agrees to terms corresponding to those outlined above, as constituting the agreement between the two Governments, and the agreement shall enter into force on the date on which the Government of Colombia notifies the Government of the United States of America that this exchange of notes has been approved by the Congress of Colombia.

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

For the Secretary of State :

Robert F. WOODWARD

His Excellency Dr. Carlos Sanz de Santamaría
Ambassador of Colombia

II

The Colombian Ambassador to the Secretary of State

EMBAJADA DE COLOMBIA¹
WASHINGTON

August 1, 1961

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Excellency :

I have the honor to acknowledge the receipt of your note of this date, in which reference is made to recent conversations between representatives of the Government of Colombia and representatives of the Government of the United States of America relating to the possibility of concluding an agreement between the two Governments with a view to granting, on a reciprocal basis, relief from double taxation on earnings derived from the operation of ships and aircraft. It is noted that the Government of the United States of America agrees to certain terms as outlined in that note. In return, the Government of Colombia agrees as follows :

1. The Government of Colombia shall, on the basis of the exemption granted by the Government of the United States of America in accordance with its agreement outlined in the above note of this date, exclude from gross income and exempt from income tax all earnings derived

(a) by a corporation organized in the United States of America, or

(b) by a citizen of the United States of America nonresident in Colombia,

from the operation of a ship or ships documented, and from the operation of aircraft registered, under the laws of the United States of America.

2. For the purposes of this agreement,

(a) the expressions "operation of a ship or ships" and "operation of aircraft" mean the business or enterprise, carried on by owners or charterers of a ship or ships, or of aircraft, as the case may be, of

(i) transporting persons, including the embarking and debarking of passengers, or

(ii) transporting articles, mails, and other cargo, including the loading and unloading thereof, or

(iii) both (i) and (ii).

(b) the term "earnings" means income derived from the activities described in subparagraph (a) hereof, including the sale of tickets in Colombia.

3. The exclusions and exemptions provided for in paragraph (1)

(a) shall be accorded even though the corporation was resident in Colombia by reason of engaging in trade or business therein at any time within the taxable year and even though the citizen was engaged in trade or business within Colombia at any time within

¹ Embassy of Colombia.

the taxable year, regardless of the activities constituting such trade or business ; in these cases, the exemption applies only to earnings as described in paragraph (2) ;

(b) shall be applicable with respect to taxable years beginning on or after the first day of January 1961.

4. Either of the two Governments may terminate this agreement by giving to the other Government six months' prior notice of termination in writing, and in such event, the agreement 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.

The Government of Colombia considers that your note above-mentioned and this note in reply constitute the agreement between the two Governments, and the agreement shall enter into force on the date on which the Government of Colombia notifies the Government of the United States of America that this exchange notes has been approved by the Congress of Colombia.

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

C. S. DE SANTAMARÍA
Ambassador of Colombia

His Excellency Dean Rusk
Secretary of State
Washington, D. C.