

No. 7677

UNITED STATES OF AMERICA
and
MEXICO

Exchange of notes constituting an agreement relating to
relief from double taxation on earnings from operation
of ships and aircraft. Washington, 7 August 1964

Official texts: English and Spanish.

Registered by the United States of America on 7 April 1965.

ÉTATS-UNIS D'AMÉRIQUE
et
MEXIQUE

Échange de notes constituant une convention tendant à
éviter la double imposition des gains provenant de
l'exploitation de navires ou d'aéronefs. Washington,
7 août 1964

Textes officiels anglais et espagnol.

Enregistré par les États-Unis d'Amérique le 7 avril 1965.

No. 7677. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND MEXICO RELATING TO RELIEF FROM DOUBLE TAXATION ON EARNINGS FROM OPERATION OF SHIPS AND AIRCRAFT. WASHINGTON, 7 AUGUST 1964

I

The Secretary of State to the Mexican Ambassador

DEPARTMENT OF STATE
WASHINGTON

August 7, 1964

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 Mexico 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 the 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 its Internal Revenue Code of 1954 shall, on the basis of an equivalent exemption granted by the Government of Mexico to citizens of the United States of America and to corporations organized in the United States of America, exclude from gross income and exempt from income tax all earnings derived

(a) by a corporation organized in Mexico, or

(b) by an individual who is a citizen of Mexico 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 Mexico.

2. For the purpose 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)

¹ Came into force on 7 August 1964 by the exchange of the said notes.

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

3. The exclusions and exemptions provided 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 individual 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;

(b) shall be applicable with respect to taxable years beginning on or after January 1, 1964.

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 Mexico agrees to terms corresponding to those outlined above, as constituting an agreement between the two Governments. The agreement shall enter into force on the date of the note by which the Government of Mexico expresses its acceptance of the said agreement.

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

For the Secretary of State :

Thomas C. MANN

His Excellency Antonio Carrillo Flores
Ambassador of Mexico

II

The Mexican Ambassador to the Secretary of State

[SPANISH TEXT — TEXTE ESPAGNOL]

EMBAJADA DE MÉXICO
WASHINGTON, D.C.

7 de agosto de 1964
2863

[TRANSLATION¹ — TRADUCTION²]

EMBASSY OF MEXICO
WASHINGTON, D.C.

August 7, 1964
2863

Señor Secretario :

Tengo el honor de referirme a la nota de Vuestra Excelencia, de esta misma fecha, en la cual se estipula que, con el

Mr. Secretary :

I have the honor to refer to Your Excellency's note of this same date, in which it is stated that in order to avoid

¹ Translation by the Government of United States of America.

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

fin de evitar la doble imposición sobre los ingresos provenientes de la operación de barcos matriculados y aeronaves registradas bajo las leyes de México, el Gobierno de Estados Unidos de América está de acuerdo en otorgar a título de reciprocidad, la exención del mencionado impuesto a corporaciones organizadas en México y a individuos ciudadanos de México no residentes de Estados Unidos de América, en los términos especificados en dicha nota.

Recíprocamente, el Gobierno de los Estados Unidos Mexicanos conviene en lo siguiente :

1. El Gobierno de México, con base en la exención equivalente que conceda el Gobierno de Estados Unidos de América a ciudadanos de México y a corporaciones organizadas en México, excluirá del ingreso bruto y otorgará exención de impuesto a todos los ingresos obtenidos : (a) por una corporación organizada en Estados Unidos de América o (b) por una persona física individual que sea ciudadano de Estados Unidos de América y no sea residente en México, provenientes de la operación de uno o más barcos matriculados o aeronaves registradas bajo las leyes de Estados Unidos de América.

2. Para los fines de este acuerdo :

(a) la frase «operación de un barco o barcos» y «operación de aeronaves», significa el negocio o la empresa realizados por dueños o fletadores de barcos o aeronaves, según sea el caso, de transporte de personas, incluso el embarque y desembarque de pasajeros, y el transporte de artículos, correspondencia y bultos postales, y otros cargamentos incluyendo la carga y descarga de los mismos.

(b) El término «ingresos» significa los ingresos derivados de las actividades

double taxation on earnings from the operation of ships documented and aircraft registered under the laws of Mexico, the Government of the United States of America agrees to grant, on a reciprocal basis, an exemption from the income tax to corporations organized in Mexico and to individuals who are citizens of Mexico nonresident in the United States of America, according to the terms specified in the aforesaid note.

Reciprocally, the Government of the United Mexican States agrees as follows :

1. On the basis of the equivalent exemption granted by the Government of the United States of America to citizens of Mexico and to corporations organized in Mexico, the Government of Mexico will 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 natural person who is a citizen of the United States nonresident in Mexico, from the operation of a ship or ships documented or 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 ships or aircraft, as the case may be, of transporting persons including the embarking and debarking of passengers, and transporting articles, correspondence and postal parcels, and other cargo, including the loading and unloading thereof ;

(b) The term "earnings" means income derived from the activities described in

descritas en este párrafo, incluso la venta de boletos en México.

3. Las exclusiones y exenciones estipuladas en el párrafo 1 :

(a) serán otorgadas aun cuando la corporación fuera residente en México en virtud de dedicarse al comercio o a negocios en el país, en cualquier tiempo dentro del año fiscal y aun cuando las personas físicas hayan estado dedicadas en México al comercio o a negocios dentro del año fiscal, independientemente de las actividades que constituyan tales comercio o negocios ; y

(b) serán aplicables respecto de años fiscales a partir del primer día de enero de 1964.

4. Cualquiera de los dos Gobiernos podrá dar por terminado este acuerdo con aviso previo de seis meses por escrito al otro Gobierno y, en tal caso, el acuerdo dejará de surtir efectos respecto de años fiscales contados a partir del día primero de enero siguiente a la expiración del período de seis meses.

Mi Gobierno considera que la nota de Vuestra Excelencia junto con esta nota en respuesta aceptando los términos propuestos, constituyen un acuerdo entre los dos Gobiernos, que entra en vigor en la fecha de la presente nota.

Reitero a Vuestra Excelencia las seguridades de mi más alta y distinguida consideración.

Antonio CARRILLO
Embajador

Excelentísimo señor Dean Rusk
Secretario de Estado
Washington, D.C.

this paragraph, including the sale of tickets in Mexico.

3. The exclusions and exemptions stipulated in paragraph 1 :

(a) Shall be accorded even though the corporation was resident in Mexico by reason of engaging in trade or business in the country at any time within the taxable year and even though the natural persons were engaged in trade or business in Mexico within the taxable year, regardless of the activities constituting such trade or business ; and

(b) Shall be applicable with respect to taxable years beginning on or after January 1, 1964.

4. Either of the two Governments may terminate this agreement by giving to the other Government six months' prior notice 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.

My Government considers that Your Excellency's note and this note in reply accepting the proposed terms constitute an agreement between the two Governments, which enters into force on the date of this note.

I renew to Your Excellency the assurances of my highest and most distinguished consideration.

Antonio CARRILLO
Ambassador

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