

issue of bonds and will serve with respect to that issue to replace all Forms 1001 previously filed by the taxpayer in the calendar year in which the excess tax was withheld and with respect to which such excess is released.

(5) The original and duplicate of substitute Form 1001-GER shall be forwarded by the withholding agent to the District Director of Internal Revenue, Audit Division, Alien Returns Section, Baltimore 2, Maryland, with the quarterly return on Form 1012. Substitute Form 1001-GER need not be listed on Form 1012.

(b) *Interest paid where degree of stock ownership is determined.* If United States tax at the statutory rate has been withheld on or after January 1, 1954, from dividends described in § 503.2(a)(2) and paid to a German company (other than a United States corporation), and if the relationship existing between the German company and the paying corporation was, at the time the dividends were paid, such as to render uncertain whether, by reason of the requirement contained in Article VI of the convention as to stock ownership, such dividends qualified for the reduced rate of United States tax, the withholding agent shall release and pay over to the German company the difference between the tax so withheld and the tax required to be withheld pursuant to § 503.2(b), only if the German company (1) furnishes to the withholding agent a copy of the Commissioner's authorization of release prescribed in § 503.2(c)(5), and (2) files the letter of notification prescribed in § 503.2(b)(1).

§ 503.7 Information to be furnished in ordinary course.

(a) *General.* In compliance with the provisions of Article XVI of the convention the Commissioner of Internal Revenue will transmit to the Federal Ministry of Finance, as soon as practicable after the close of the calendar year 1955 and of each subsequent calendar year during which the convention is in effect, the following information relating to such preceding calendar year:

(1) The duplicate copy of each available Form 1042 Supplement filed pursuant to paragraph (b) of this section;

and

(2) The duplicate copy of each available ownership certificate, Form 1001-GER, filed pursuant to § 503.3(b), and substitute Form 1001-GER, filed pursuant to § 503.6(a), in connection with coupon bond interest.

(b) *Information return.* (1) To facilitate compliance with Article XVI of the convention, every United States withholding agent shall make and file in duplicate with the District Director of Internal Revenue, Baltimore 2, Maryland, an information return on Form 1042 Supplement, with respect to persons having addresses in the Federal Republic of Germany, which shall be filed for the calendar year 1955 and subsequent calendar years. This return shall be filed simultaneously with Form 1042.

(2) There shall be reported on such Form 1042 Supplement all items of fixed or determinable annual or periodical income (and amounts described in section 402(a)(2), section 631 (b) and (c), and section 1235 of the Internal Revenue Code of 1954, which are considered to be gains from the sale or exchange of capital assets) derived from sources within the United States and paid to nonresident aliens and to nonresident foreign corporations, whose addresses at the time of payment were in the Federal Republic of Germany, including such items of income upon which, in accordance with this part, no withholding of United States tax is required; except that any of such items which constitute interest in respect of which Form 1001-GER or substitute Form 1001-GER has been filed in duplicate with the withholding agent are not required to be reported on such Form 1042 Supplement.

§ 503.8 Beneficiaries of a domestic estate or trust.

A nonresident alien who is a resident of the Federal Republic of Germany and who is a beneficiary of a domestic estate or trust shall be entitled to the exemption from United States tax granted by Articles VII, VIII, and XIV of the convention with respect to dividends, interest, and copyright royalties and the like, to the extent such item or items are included in that portion of

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the income of such estate or trust which is (or would, but for such exemption, be) includable in the gross income of the beneficiary, provided that he otherwise satisfies the requirements of these respective articles. In order to be entitled in such instance to the exemption from withholding of United States tax such beneficiary must otherwise satisfy such requirements and shall, where applicable, execute and submit to the fiduciary of such estate or trust in the United States the appropriate letter of notification prescribed in §§ 503.3(b) and 503.4(b).

§ 503.9 Land Berlin.

The convention shall also apply to Land Berlin effective for taxable years beginning on or after January 1, 1954, but only if the notification has been furnished to the United States Government in accordance with Article XX (2) of the convention. After application of the convention to Land Berlin in accordance with Article XX, references in the convention and in this part to the Federal Republic of Germany shall also be considered references to Land Berlin.

PARTS 504–507 [RESERVED]

PART 509—SWITZERLAND

Subpart—Withholding of Tax

Sec.

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- 509.2 Dividends.
- 509.3 Interest.
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- 509.118 Credit against United States tax for Swiss tax.
- 509.119 Exchange of information.
- 509.120 Double taxation claims.
- 509.121 Beneficiaries of an estate or trust.
- 509.122 Swiss partnerships.

AUTHORITY: 26 U.S.C. 62, 3791 and 7805.

Subpart—Withholding of Tax

SOURCE: Treasury Decision 5867, 16 FR 11910, Nov. 27, 1951, unless otherwise noted. Redesignated at 25 FR 14022, Dec. 31, 1960.

EFFECTIVE DATE NOTE: By T.D. 8734, 62 FR 53497, Oct. 14, 1997, Subpart—Withholding of Tax, consisting of §§ 509.1 through 509.10, was removed, effective Jan. 1, 1999. By T.D. 8804, 63 FR 72183, Dec. 31, 1998, the effective date was delayed until Jan. 1, 2000. By T.D. 8856, 64 FR 73408, Dec. 30, 1999, the effective date was delayed until Jan. 1, 2001.

§ 509.1 Introductory.

The income tax convention between the United States and the Swiss Confederation, signed May 24, 1951, proclaimed by the President of the United States on October 1, 1951, and effective as to taxable years beginning after December 31, 1950 (referred to in this subpart as the convention), provides in part 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 and excess profits taxes.

(b) In the case of The Swiss Confederation: