

the Commissioner of Internal Revenue, Records Division, Washington, D.C. Such letter shall constitute authorization to the payor of the income to pay such income without deduction of the tax at the source unless the Commissioner subsequently notifies such payor that the tax should be withheld with respect to payments made after such notification.

§ 509.6 Natural resource royalties and real property rentals.

The convention does not change the rate of tax imposed under existing law upon natural resource royalties and real property rentals. The withholding of the tax with respect to such items derived from sources within the United States by nonresident aliens who are residents of Switzerland and by Swiss corporations is not affected by the convention. See sections 211(a) and 231(a) of the Internal Code and Article IX of the convention.

§ 509.7 Release of excess tax withheld at source.

(a) *General.* In order to bring the convention into force and effect at the earliest practicable date, (1) the reduced rate of tax of 15 percent to be withheld at the source on dividends, (2) the reduced rate of tax of 5 percent to be withheld at the source on interest, and (3) the exemption from tax otherwise withheld at the source on patent royalties, copyright royalties, film rentals, and the like, are hereby made effective beginning January 1, 1951, in any case in which such dividends, interest, patent royalties, copyright royalties, film rentals, and the like, are derived from sources within the United States by a nonresident alien (including a nonresident alien individual, fiduciary, and partnership) who is a resident of Switzerland or by a Swiss corporation.

In the case of every such taxpayer who furnishes to the withholding agent Form 1001A-S, as prescribed in § 509.3(b) or § 509.4, where tax at the rate of 30 percent has been withheld on or after January 1, 1951, there shall be released by the withholding agent and paid over to the person from whom withheld (1) in the case of interest (other than coupon bond interest), an amount equal to 25 percent of such interest, and (2) in

the case of patent royalties, copyright royalties, film rentals, and the like, an amount equal to the tax so withheld.

In the case of every such taxpayer who furnishes to the withholding agent Form 1001-S, in duplicate, where tax at the rate of 28 percent or 30 percent, as the case may be, has been withheld on or after January 1, 1951, from coupon bond interest, there shall be released by the withholding agent and paid over to the person from whom it was withheld an amount equal to 25 percent of such interest. Form 1001-S, clearly marked "Substitute" in order to replace any Forms 1001 previously filed, is to be used solely for such release of excess tax withheld in 1951. One Form 1001-S, in duplicate, may be used to replace two or more Forms 1001 previously filed in such year. The use of Form 1001-S with each presentation of interest coupons for the purpose of securing the reduced rate of tax is set forth in § 509.3(b).

In the case of dividends paid to a nonresident alien (including a nonresident alien individual, fiduciary, and partnership) whose address at the time of payment was in Switzerland, or to a Swiss corporation whose address at the time of payment was in Switzerland, where tax at the rate of 30 percent has been withheld on or after January 1, 1951, from such dividends, there shall be released by the withholding agent and paid over to the person from whom it was withheld an amount equal to 15 percent of such dividends.

(b) *Private pensions and life annuities paid in 1951 or subsequent years.* In order to bring the convention into force and effect at the earliest practicable date, the exemption from tax otherwise withheld at the source on private pensions and life annuities is hereby made effective beginning January 1, 1951, in any case in which such pensions and life annuities are derived from sources within the United States by a nonresident alien individual who is a resident of Switzerland.

The person paying such income shall be notified by letter from the resident of Switzerland that the income is exempt from taxation under the provisions of Article XI (2) and (3), or XI (2) and (4), as the case may be, of the convention. See § 509.5. Such letter shall