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French corporation, during the year or years for which the return is filed;

(2) That the taxpayer had no permanent establishment in the United States during the respective years in which the income was received;

(3) That no penalty for fraud has been imposed by the United States against the taxpayer claimant with respect to income tax for the year or years for which the return is filed.

In addition to the above statements, all information requested on the return must be furnished. Any tax paid in excess of that due from the owner of the income will be refunded by the United States Government as required by law. For the purpose of refund of excess tax withheld resulting from the tax convention, a properly executed return on Form 1040NB France or Form 1120NB France shall constitute a claim for refund or credit for the amount of the overpayment disclosed by such return.

(b) *Date of payment of tax.* The United States tax withheld from dividends and interest derived from sources within the United States by nonresident aliens, or by a foreign corporation not engaged in trade or business in the United States, is deemed to have been paid on March 15 of the calendar year immediately succeeding that in which such income has been so derived. Section 1461, Internal Revenue Code of 1954. Hence, the United States tax withheld from dividends and interest derived by such aliens resident in France and such French corporations for the years 1952, 1953, 1954, 1955, and 1956 is deemed to have been paid, respectively, on March 15, 1953, March 15, 1954, March 15, 1955, March 15, 1956, and March 15, 1957.

§ 514.10 Effective date.

The provisions of §§ 514.1 through 517.9 shall be effective with respect to taxable years beginning after December 31, 1956, and before January 1, 1967, or with respect to dividends, interest, and royalties paid before August 11, 1968.

[T.D. 6986, 34 FR 136, Jan. 4, 1969]

26 CFR Ch. I (4-1-20 Edition)

TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1966, OR DIVIDENDS, INTEREST, AND ROYALTIES PAID ON OR AFTER AUGUST 11, 1968

SOURCE: T.D. 6986, 34 FR 136, Jan. 4, 1969, unless otherwise noted.

§ 514.22 Dividends received by persons not entitled to reduced rate of tax.

(a) *General.* Article 27(1) of the convention provides that each Contracting State shall undertake to lend assistance and support to the other Contracting State in the collection of taxes covered by the convention.

(b) *Additional French tax to be withheld in the United States*—(1) *By a nominee or representative.* The recipient in the United States of any dividend from which French tax has been withheld at the reduced rate of 15 percent, who is a nominee or representative through whom the dividend is received by a person who is not a resident of the United States, shall withhold an additional amount of French tax equivalent to the French tax which would have been withheld if the convention had not been in effect (25 percent as of the date of approval of this Treasury decision) minus the 15 percent which has been withheld at the source.

(2) *By a fiduciary or partnership.* A fiduciary or partnership with an address in the United States which receives, otherwise than as a nominee or representative, a dividend from sources within France from which French tax has been withheld at the reduced rate of 15 percent, shall withhold an additional amount of French tax from the portion of the dividend included in the gross income from sources within France of any beneficiary or partner, as the case may be, who is not entitled to the reduced rate of tax in accordance with the applicable provisions of the convention. The amount of the additional tax is to be calculated in the same manner as under subparagraph (1) of this paragraph.

(3) *Withholding additional French tax from amounts released or refunded.* If any amount of French tax is released by the withholding agent in France with respect to a dividend received by a nominee, representative, fiduciary, or partnership in the United States, the

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recipient shall withhold from such released amount any additional amount of French tax otherwise required to be withheld from the dividend by the provisions of subparagraphs (1) and (2) of this paragraph, in the same manner as if at the time of payment of the dividends French tax at the rate of 15 percent had been withheld therefrom.

(4) *Return of French tax by U.S. withholding agents.* Amounts of French tax withheld pursuant to this paragraph by withholding agents in the United States shall be deposited in U.S. dollars with the Director, Office of International Operations, Internal Revenue Service, Washington, D.C. 20225, on or before the 16th day after the close of the quarter of the calendar year in which the withholding occurs. Such withholding agent shall also submit such appropriate forms as may be prescribed by the Commissioner of Internal Revenue.

[T.D. 6986, 34 FR 136, Jan. 4, 1969, as amended by T.D. 8734, 62 FR 53498, Oct. 14, 1997]

PARTS 515–520 [RESERVED]

PART 521—DENMARK

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AUTHORITY: 26 U.S.C. 62, 143, 144, 211, and 231.

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SOURCE: T.D. 5777, 15 FR 1595, Mar. 22, 1950, unless otherwise noted. Redesignated at 25 FR 14022, Dec. 31, 1960.

TAXATION OF NONRESIDENT ALIENS WHO ARE RESIDENTS OF DENMARK AND OF DANISH CORPORATIONS

§ 521.101 Introductory.

The income tax convention between the United States and the Kingdom of Denmark, signed May 6, 1948, proclaimed (with reservations thereto) by the President of the United States on December 8, 1948, and effective for taxable years beginning on and after January 1, 1948 (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 tax, including surtaxes.

(b) In the case of Denmark:

The national income tax, including the war profits tax.

The intercommunal income tax.

The communal income tax.

(2) The present Convention shall also apply to any other taxes of a substantially similar character imposed by either contracting State subsequently to the date of signature of the present Convention.

ARTICLE II

(1) As used in this Convention:

(a) The term “United States” means the United States of America, and when used in a geographical sense includes only the States, the Territories of Alaska and Hawaii, and the District of Columbia.

(b) The term “Denmark” means the Kingdom of Denmark; the provisions of the Convention shall not, however, extend to the Faroe Islands; nor do they apply to Greenland.

(c) The term “permanent establishment” means a branch office, factory, warehouse or