

## Internal Revenue Service, Treasury

## § 514.28

unless the Commissioner or the applicant notifies the withholding agent that such income ceases to qualify for such benefit. A duplicate copy of such notification shall be attached to the Form 1042S filed by the withholding agent with respect to the income concerned.

(2) *Change in circumstances.* If during the period covered by the ruling letter, any fact upon which the ruling letter is based materially changes, the applicant shall immediately notify the withholding agent and the Commissioner of such change.

EFFECTIVE DATE NOTE: By T.D. 8734, 62 FR 53498, Oct. 14, 1997, § 514.26 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.

### § 514.27 Beneficiaries of domestic estate and trust.

A nonresident alien individual who is a resident of France and a beneficiary of a domestic estate or trust shall be entitled to the exemption from, or reduction in rate of, United States tax granted by Articles 9, 10, 11, 13(1)(a), and 19 of the convention with respect to dividends, interest, royalties, and pensions, annuities, and alimony if he otherwise satisfies the requirements for exemption or reduction specified in the articles concerned, to the extent that (a) any amount paid, credited, or required to be distributed by the estate or trust to the beneficiary is deemed to consist of those items and (b) the items so deemed to be included in such amount would, without regard to the convention, be includible in his gross income. However, such beneficiary is not entitled to the exemption from, or reduction in the rate of, U.S. tax granted by such articles to the extent that the trust conduit rules are not applicable to any payment received by the beneficiary such as, for example, a payment made out of the income of a trust established for the support and maintenance of a wife pursuant to a divorce decree. To obtain the exemption from, or reduction in the rate of, withholding of U.S. tax where permitted by this section, the beneficiary must, where applicable, execute and submit to the

fiduciary of the estate or trust in the United States the appropriate letter of notification in the form prescribed in § 514.23(c) (2) and (3), modified where necessary to indicate the type of income involved.

EFFECTIVE DATE NOTE: By T.D. 8734, 62 FR 53498, Oct. 14, 1997, § 514.27 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.

### § 514.28 Release of excess tax withheld at source.

(a) *Amounts to be released—*(1) *Tax withheld from dividends—*(i) *Dividends subject to 15-percent rate.* If U.S. tax has been withheld on or after August 11, 1968, at a rate in excess of 15 percent from dividends described in § 514.21(a)(3)(i) received by a nonresident alien individual who is a resident of France or French corporation or person resident in France for French tax purposes whose address at the time of payment was in France, the withholding agent shall release and pay over to the person from whom the tax was withheld an amount which is equal to the difference between the tax so withheld and the tax required to be withheld pursuant to § 514.21(b)(1).

(ii) *Dividends subject to 5-percent rate.* If U.S. tax has been withheld at a rate in excess of 5 percent on or after August 11, 1968, from dividends which qualify for the reduced rate of 5 percent under § 514.21(a)(3)(ii), the withholding agent shall, if so authorized in accordance with § 514.21(a)(3)(iv) release and pay over to the corporation from which the tax was withheld an amount which is equal to the difference between the tax so withheld and the tax required to be withheld pursuant to § 514.21(b)(2)(i).

(2) *Tax withheld from coupon bond interest—*(i) *Substitute ownership certificate.* If U.S. tax has been withheld at a rate in excess of 10 percent on or after August 11, 1968, from coupon bond interest described in § 514.23(c)(1), the owner of the interest shall furnish the withholding agent a Form 1001-F clearly marked "Substitute" and executed in accordance with § 514.23(c). Upon receipt of such substitute Form 1001-F