

§517.8

corporation of the United States, the withholding agent shall release and pay over to the person from whom the tax was withheld an amount which is equal to the tax so withheld.

(2) *Dividends paid to a Pakistan parent company.* If United States tax at the statutory rate has been withheld on or after January 1, 1959, from dividends entitled to the reduced rate of 15 percent in accordance with §517.2(a)(2), the withholding agent shall, if furnished the authorization of release prescribed in §517.2(b)(2)(ii) or (3)(v), release and pay over to the company from which the tax was withheld an amount which is equal to the difference between the tax so withheld from income received by the taxpayer in a taxable year beginning on or after January 1, 1959, and the tax required to be withheld from such income pursuant to §517.2(b)(2)(i).

(3) *Patent and copyright royalties, pensions, and annuities.* If a taxpayer furnishes to the withholding agent the authorization of release prescribed in §517.3(b)(2) or §517.4(c)(2) and United States tax has been withheld at the statutory rate on or after January 1, 1959, from the royalties, pensions, or annuities in respect of which such authorization is prescribed, the withholding agent shall release and pay over to the person from whom the tax was withheld an amount which is equal to the tax so withheld from income received by the taxpayer in a taxable year beginning on or after January 1, 1959.

(4) *Interest paid to the State Bank of Pakistan.* If United States tax at the statutory rate has been withheld on or after January 1, 1959, from interest of the State Bank of Pakistan, the withholding agent shall release and pay over to that bank an amount which is equal to the tax so withheld.

(b) *Amounts not to be released.* The provisions of this section do not apply to excess tax withheld at source which has been paid by the withholding agent to the Director of International Operations, Internal Revenue Service.

(c) *Statutory rate.* As used in this section, the term "statutory rate" means the rate of tax required to be withheld in accordance with chapter 3 of the Internal Revenue Code of 1954 as though

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the convention had not come into effect.

§517.8 Information to be furnished in ordinary course.

For provisions relating to the exchange of information under Article XVI of the convention, see paragraph (d) of §1.1461-2 of this chapter (Income Tax Regulations; 26 CFR 1.1461-2(d)).

§517.9 Application of the convention to fiscal years.

Since the convention is effective for taxable years beginning on or after January 1, 1959, the fact that the exemption from, or reduction in the rate of, withholding of United States tax at source authorized by §§517.1 to 517.9 is made effective beginning January 1, 1959, is not a determination in itself that the item of income concerned is entitled to the benefit of the exemption from, or reduced rate of, United States tax granted by the convention.

PARTS 518—519 [RESERVED]

PART 520—SWEDEN

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